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

FORM 10-K

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

For the fiscal year ended November 30, 2000

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

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

Securities registered pursuant to Section 12(b) of the Act:

Title of each class:	Name of Each Exchange on Which Registered
Class A Common Stock $.01 par value	Nasdaq Stock Market

Securities registered pursuant to Section 12(g) of the Act:
None

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 requirement for the past 90 days.

Yes X No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (Sec 229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the voting stock held by non-affiliates of the Registrant was $226,315,453 (based upon closing price on the Nasdaq Stock Market on February 15, 2001).

The number of shares outstanding of each of the registrant's classes of common stock, as of February 16, 2001 was:

Class	Outstanding
Class A common stock $.01 par value	20,296,538
Class B common stock $.01 par value	2,260,954

PART I

Item 1 - Business

(a) General Development of Business

The Company designs and markets a diverse line of products and provides related services throughout the world. These products and services include:

- o handsets and accessories for wireless communications
- o fulfillment services for wireless carriers
- o automotive entertainment and security products
- o automotive electronic accessories o consumer electronics

The Company generally markets its products under the well-recognized Audiovox brand name, which it has used for over 36 years. The Company was a pioneer in the wireless industry, selling its first vehicle-installed wireless telephone in 1984 as a natural expansion of its automotive aftermarket products business. The Company's extensive distribution network and its long-standing industry relationships have allowed the Company to benefit from growing market opportunities in the wireless industry and to exploit emerging niches in the consumer electronics business.

The Company operates in two primary markets:

- Wireless communications. The Wireless Company (Wireless), which accounts for approximately 84% of revenues, sells wireless handsets and accessories through nationwide carriers, international wireless carriers and their agents, independent distributors and retailers.

- Mobile and consumer electronics. The Electronics Group (Electronics), which accounts for approximately 16% of revenues, sells autosound, mobile video, mobile electronics and consumer electronics primarily to mass merchants, power retailers, specialty retailers, new car dealers, original equipment manufacturers (OEMs), independent installers of automotive accessories and the U.S. military.

The business grew significantly in fiscal 2000 primarily because of increased sales of digital handsets. Net sales have increased as follows:

	1999	2000	Percent Change
	(millions)		
Wireless	$ 917	$ 1,424	55.3%
Electronics	243	278	14.4%
Total	$1,160	$1,702	46.7%

To remain flexible and limit our research and fixed costs, the Company does not manufacture its products. Instead, the Company has relationships with a broad group of suppliers who manufacture its products. The Company works directly with its suppliers in the design, development and testing of all of its products and performs some assembly functions for its electronics products.

The Company's product development efforts focus on meeting changing consumer demand for technologically-advanced, high-quality products, and the Company consults with customers throughout the design and development process. In the wireless business, the Company was among the first to introduce wireless handsets and mobile phones with one-touch dialing, caller ID and voice-activated dialing as standard features. In its electronics business, the Company was among the first to introduce mobile video entertainment products and the MP-3 Internet music player/recorders. The Company stands behind all of its products by providing warranties and end-user service support.

Strategy

The Company's objective is to leverage the well-recognized Audiovox brand name and its extensive distribution network to capitalize on the growing worldwide demand for wireless products and continue to provide innovative mobile and consumer electronics products in response to consumer demand. The key elements of the Company's strategy are:

Enhance and capitalize on the Audiovox brand name. The Company believes that the "Audiovox" brand name is one of its greatest strengths. During the past 36 years, the Company has invested heavily to establish the Audiovox name as a well-known consumer brand for communications and electronics products. The Company's wireless handsets generally bear the Audiovox brand name or are co-branded with a wireless carrier. To further benefit from the Audiovox name, the Company continues to introduce new products using its brand name and licenses its brand name for selected consumer products.

Expand wireless technology offerings to increase market opportunities. The Company intends to continue to offer an array of technologically-advanced wireless products, including personal digital assistants (PDA's), using all digital standards. The Company's wide selection of wireless products will allow it to satisfy different carrier demands, both domestically and internationally.

Capitalize on niche market opportunities in the consumer electronics industry. The Company intends to continue to use its extensive distribution and supply networks to capitalize on niche market opportunities, such as navigation, MP-3 and cruise controls, in the consumer electronics industry. The Company believes that focusing on high-demand, high-growth niche products results in better profit margins and growth potential for its electronics business.

Expand international presence. During fiscal 2001, the Company intends to expand its international wireless business as it continues to introduce products compatible with international wireless technologies, such as GSM, TDMA and CDMA.

Continue to outsource manufacturing to increase operating leverage. One of the key components of the Company's business strategy is outsourcing the manufacturing of its products. This allows the Company to deliver the latest technological advances without the fixed costs associated with manufacturing.

Continue to provide value-added services to customers and suppliers. The Company believes that it provides key services, such as product design, development and testing, sales support, product repair and warranty, carrier fulfillment services and software upgrading, more efficiently than its customers and suppliers could provide for themselves. The Company intends to continue to develop its value-added services as the market evolves and customer needs change.

Audiovox was incorporated in Delaware on April 10, 1987, as successor to a business founded in 1960 by John J. Shalam, our President, Chief Executive Officer and controlling stockholder. Its principal executive offices are located at 150 Marcus Boulevard, Hauppauge, New York 11788, and the telephone number is 631-231-7750.

(b) Financial Information About Industry Segments

The Company's industry segments are the Wireless Group and the Electronics Group. Net sales, income before provision for income taxes and total assets attributable to each segment for each of the last three years are set forth in Note 22 of the Company's consolidated financial statements included herein.

(c) Narrative Description of Business

Wireless

Wireless, which accounts for approximately 84% of the Company's revenues, markets wireless handsets and accessories through domestic and international wireless carriers and their agents, independent distributors and retailers.

Wireless products and technology

Wireless sells an array of analog and digital handsets and accessories in a variety of technologies. In fiscal 1998, sales of analog handsets represented 81% of total unit sales. In fiscal 1999, Wireless expanded its line of digital handsets and increased its digital sales efforts and, for fiscal 1999, digital products represented 56% of Wireless' total unit sales. During fiscal 2000, Wireless digital handsets represented 78% of total unit sales. Wireless generally markets its wireless products under the Audiovox brand name or co-brands its products with its carrier customers, such as Verizon Wireless.

In addition to handsets, Wireless sells a complete line of accessories that includes batteries, hands-free kits, battery eliminators, cases and earphones. During 2001, Wireless intends to broaden its digital product offerings and introduce handsets with new features such as Internet access, MP-3 capabilities and other interactive technologies.

Wireless marketing and distribution

Wireless sells wireless products to the wireless carriers and their respective agents, distributors and retailers. In addition, a majority of its handsets are designed to carrier specifications. For fiscal 1999, the five largest wireless customers were Bell Atlantic, AirTouch Communications, PrimeCo Personal Communications LP, MCI Worldcom and United States Cellular. Two of these customers, Bell Atlantic and AirTouch Communications, accounted for 24.4% and 18.6%, respectively, of Wireless' net sales for fiscal 1999. All of these customers represented 65.9% of consolidated net sales during fiscal 1999. In fiscal 2000, the five largest wireless customers were Verizon Wireless, AllTel Communications, MCI Worldcom, Brightpoint, Inc. and Canadian Mobility. One of these customers, Verizon Wireless (Bell Atlantic, AirTouch Communications and PrimeCo Personal Communications LP prior to the merger), accounted for 60.4% of Wireless' net sales for fiscal 2000. All of these customers represented 73.6% of Wireless' net sales and 61.6% of consolidated net sales during fiscal 2000.

In addition, Wireless promotes its products through trade and consumer advertising, participation at trade shows and direct personal contact by its sales representatives. Wireless also assists wireless carriers with their marketing campaigns by scripting telemarketing presentations, funding co-operative advertising campaigns, developing and printing custom sales literature, providing product fulfillment and logistic services, conducting in-house training programs for wireless carriers and their agents and providing assistance in market development.

Wireless operates approximately 9 facilities under the name Quintex. In addition, Wireless licenses the trade name Quintex(R) to eight outlets in selected markets in the United States. Wireless also serves as an agent for the following carriers in selected areas: MCI Worldcom, Sprint, Verizon Wireless, AT & T Wireless, Nextel and VoiceStream. For fiscal 2000, revenues from these operations were 4.5% of total Wireless revenues.

Wireless' policy is to ship its products within 24 hours of a requested shipment date from public warehouses in Miami, Florida, Farmingdale, New York, Rancho Dominguez, California , Toronto, Canada and Tilburg, Netherlands and from leased facilities located in Hauppauge, New York and Los Angeles, California.

Wireless product development, warranty and customer service

Although Wireless does not have its own manufacturing facilities, it works closely with both customers and suppliers in the design, development and testing of its products. In particular, Wireless:

- with its wireless customers, determines future market feature requirements

- works with its suppliers to develop products containing those features

- participates in the design of the features and cosmetics of its wireless products

- tests products in its own facilities to ensure compliance with Audiovox standards

- supervises testing of the products in its carrier markets to ensure compliance with carrier specifications

Wireless' Hauppauge facility is ISO-9001 registered, which requires it to carefully monitor quality standards in all facets of its business.

Wireless believes customer service is an important tool for enhancing its brand name and its relationship with carriers. In order to provide full service to its customers, Wireless warranties its wireless products to the end-user for periods ranging from up to one year for portable handsets to up to three years for mobile car phones. To support its warranties, Wireless has 1,020 independent warranty centers throughout the United States and Canada and has experienced technicians in its warranty repair stations at its headquarters facility. Wireless has experienced customer service representatives who interact directly with both end-users and its customers. These representatives are trained to respond to questions on handset operation and warranty and repair issues.

Wireless suppliers

Wireless purchases its wireless products from several manufacturers located in Pacific Rim countries, including Japan, China, Korea, Taiwan and Malaysia. In selecting its suppliers, Wireless considers quality, price, service, market conditions and reputation. Wireless generally purchases its products under short-term purchase orders and does not have long-term contracts with its suppliers. Wireless considers its relations with its suppliers to be good. Wireless believes that alternative sources of supply are currently available, although there could be a time lag and increased costs if it were to have an unplanned shift to a new supplier.

Wireless competition

The market for wireless handsets and accessories is highly competitive and is characterized by intense price competition, significant price erosion over the life of a product, demand for value-added services, rapid technological development and industry consolidation of both customers and manufacturers. Currently, Wireless' primary competitors for wireless handsets include Ericsson, Motorola, Nokia and Kyocera.

Wireless also competes with numerous established and new manufacturers and distributors, some of whom sell the same or similar products directly to its customers. Historically, Wireless' competitors have also included some of its own suppliers and customers. Many of Wireless' competitors offer more extensive advertising and promotional programs than it does.

Wireless competes for sales to carriers, agents and distributors on the basis of its products and services and price. As its customers are requiring greater value-added logistic services, Wireless believes that competition will continually be required to support an infrastructure capable of providing these services. Wireless' ability to continue to compete successfully will largely depend on its ability to perform these value-added services at a reasonable cost.

Wireless' wireless products compete primarily on the basis of value in terms of price, features and reliability. There have been several periods of extreme price competition in the wireless industry, particularly when one or more or its competitors has sought to sell off excess inventory by lowering its prices significantly.

As a result of global competitive pressures, there has been significant consolidation in the domestic wireless industry:

- Verizon Wireless: Bell Atlantic, AirTouch Communications, GTE Mobilnet, PrimeCo Personal Communications LP, Frontier and Vodafone
- Cingular Wireless: SBC Communications and Bell South
- VoiceStream: Expanding into major markets through acquisition of Omnipoint

These consolidations may result in greater competition for a smaller number of large customers and may favor one or more of its competitors over Wireless.

Electronics Group

Electronics Industry

The mobile and consumer electronics industry is large and diverse and encompasses a broad range of products. There are many large manufacturers in the industry, such as Sony, RCA, Panasonic and JVC, as well as large companies that specialize in niche products. The Electronics Group participates in selected niche markets such as autosound, mobile video, vehicle security and selected consumer electronics.

The introduction of new products and technological advancements drives growth in the electronics industry. For example, the transition from analog to digital technology is leading to the development of a new generation of consumer electronic products. Some of these products include MP-3 players for playing audio downloaded from the Internet, digital radio, DVD mobile video systems and navigation systems.

Electronics products

The Company's electronics products consist of two major categories, mobile electronics and consumer electronics.

Mobile electronics products include:

- autosound products, such as radios, speakers, amplifiers and CD changers

- mobile video products, including overhead and center console mobile entertainment systems, video cassette players and game options

- automotive security and remote start systems

- automotive power accessories

- navigation systems

Consumer electronics include:

- home and portable stereos
- FRS two-way radios
- LCD televisions

- MP-3 Internet music player/recorders
- portable DVD players

The Electronics Group markets its products under the Audiovox(R) brand name, as well as several other Audiovox-owned trade names that include Prestige(R), Pursuit(R) and Rampage(TM). Sales by the Company's Malaysian, Venezuelan and American Radio subsidiaries fall under the Electronics Group. For the fiscal years ended November 30, 1999 and November 30, 2000, the Electronics Group's sales by product category were as follows:

	1999	2000	Percent Change
	(millions)		
Mobile electronics	$ 117.5	$ 135.1	15.0%
Sound	82.8	77.8	(3.9)
Consumer electronics	38.2	61.0	59.7
Other	4.0	3.9	(0.2)
Total	$ 242.5	$ 277.8	15.3%

In the future, the Electronics Group will continue to focus its efforts on new technologies to take advantage of market opportunities created by the digital convergence of data, communications, navigation and entertainment products.

Licensing

In the late 1990's, the Company began to license its brand name for use on selected products, such as home and portable stereo systems. Actual sales of licensed products are not included in the Company's sales figures. However, the Company licensed customers have reported that, for fiscal 2000, they sold $27.5 million in licensed goods for which the Company received license fees. License sales promote the Audiovox brand name without adding any significant costs.

Electronics distribution and marketing

The Electronics Group sells its electronics products to:

- mass merchants
- power retailers
- chain stores
- specialty retailers
- distributors
- new car dealers
- the U.S. military

The Electronics Group also sells its products under OEM arrangements with domestic and/or international subsidiaries of automobile manufacturers such as Daimler Chrysler, General Motors Corporation and Nissan. OEM projects are a significant portion of the Electronics Group sales, accounting for approximately 15% of the Electronics Group's sales in 2000. These projects require a close partnership with the customer as the Electronics Group develops products to their specific requirements. Three of the largest auto makers, General Motors, Daimler Chrysler and Ford require QS registration for all of their vendors. The Electronics Group's Hauppauge facility is both QS 9000 and ISO 9001 registered.

For fiscal 1999, the Electronics Group's five largest customers were Nissan, Best Buy, Sears, the U.S. Miliary and Gulf States Toyota, and they represented 23.9% of net sales. Nissan represented approximately 12% of net sales for fiscal 1999. In fiscal 2000, the Electronics Group's five largest customers were Nissan, Wal-Mart, Target, Gulf States Toyota and Circuit City. They represented 21.1% of the Electronics Group's net sales.

As part of the Electronics Group's sales process, the Electronics Group provides value-added management services including:

o product design and development

o engineering and testing

o technical and sales support

o electronic data interchange (EDI)

o product repair services and warranty

o nationwide installation network

The Electronics Group has flexible shipping policies designed to meet customer needs. In the absence of specific customer instructions, the Electronics Group ships its products within 24 to 48 hours from the receipt of an order. The Electronics Group makes shipments from public warehouses in Norfolk, Virginia; Sparks, Nevada; Miami, Florida and Toronto, Canada and from leased facilities located in Hauppauge, New York.

Electronics product development, warranty and customer service

Although the Electronics Group does not have its own manufacturing facilities, it works closely with its customers and suppliers in the design, development and testing of its products. For the Electronics Group's OEM automobile customers, the Electronics Group performs extensive validation testing to ensure that its products meet the special environmental and electronic standards of the manufacturer. The Electronics Group also performs final assembly of products in its Hauppauge location. The Electronics Group's product development cycle includes:

o working with key customers and suppliers to identify consumer trends and potential demand

o working with the suppliers to design and develop products to meet those demands

o evaluating and testing the products in our own facilities to ensure compliance with our standards

o performing software design and validation testing

The Electronics Group provides a warranty to the end-users of its electronics products, generally ranging from 90 days up to the life of the vehicle for the original owner on some of its automobile-installed products. To support its warranties, the Electronics Group has six independent warranty centers throughout the United States and Canada. At its Hauppauge facility, the Electronics Group has a customer service group that provides product information, answers questions and serves as a technical hotline for installation help for both end-users and its customers.

Electronics suppliers

The Electronics Group purchases its electronics products from manufacturers located in several Pacific Rim countries, including Japan, China, Korea, Taiwan, Singapore and Malaysia. The Electronics Group also uses several manufacturers in the United States for cruise controls, mobile video and power amplifiers. In selecting its manufacturers, the Electronics Group considers quality, price, service, market conditions and reputation. The Electronics Group maintains buying offices or inspection offices in Taiwan, Korea, China and Hong Kong to provide local supervision of supplier performance such as price negotiations, delivery and quality control. The Electronics Group generally purchases its products under short-term purchase orders and does not have long-term contracts with its suppliers. Electronics believes that alternative sources of supply are currently available, although there could be a time lag and increased costs if it were to have an unplanned shift to a new supplier.

The Electronics Group considers relations with its suppliers to be good. In addition, the Electronics Group believes that alternative sources of supply are generally available within 120 days.

Electronics competition

The Electronics Group's electronics business is highly competitive across all of its product lines, and the Electronics Group competes with a number of well-established companies that manufacture and sell similar products. The Electronics Group's mobile electronics products compete against factory-supplied radios (including General Motors, Ford and Daimler Chrysler), security and mobile video systems . The Electronics Group's mobile electronics products also compete in the automotive aftermarket against major companies such as Sony, Panasonic, Kenwood and Pioneer. The Electronics Group's consumer electronics product lines compete against major consumer electronic companies, such as JVC, Sony, Panasonic, Motorola, RCA and AIWA. Brand name, design, features and price are the major competitive factors across all of its product lines.

(d) Financial Information About Foreign and Domestic Operations and Export Sales

The amounts of net sales and long-lived assets, attributable to each of the Company's geographic segments for each of the last three fiscal years are set forth in Note 22 to the Company's consolidated financial statements included herein. During fiscal 2000, the Company exported approximately $246 million in product sales.

Trademarks

The Company markets products under several trademarks, including Audiovox(R), Prestige(R), Pursuit(R) and Rampage(TM) . The trademark Audiovox(R) is registered in approximately 66 countries. The Company believes that these trademarks are recognized by customers and are therefore significant in marketing its products.

Other Matters

Equity Investments

The Company has several investments in unconsolidated joint ventures which were formed to market its products in specific market segments or geographic areas. The Company seeks to blend its financial and product resources with local operations to expand its distribution and marketing capabilities. The Company believes its joint ventures provide a more cost-effective method of focusing on specialized markets. The Company does not participate in the day-to-day management of these joint ventures. The Company's significant joint ventures are:

Venture	Percentage Ownership	Formation Date	Function
Audiovox Specialized Applications	50.0%	1997	Distribution of products for van, RV and other specialized vehicles.
Bliss-Tel Company, Ltd.	20.0%	1997	Distribution of wireless products and accessories in Thailand.

Employees

The Company employs approximately 965 people. The Company's headcount has been relatively stable for the past several years. The Company considers its relations with its employees to be good. No employees are covered by collective bargaining agreements.

Directors and Executive Officers of the Registrant

The executive officers of the Company are listed below. All officers of the Company are elected by the Board of Directors to serve one-year terms. There are no family relationships among officers, or any arrangement or understanding between any officer and any other person pursuant to which the officer was selected. Unless otherwise indicated, positions listed in the table have been held for more than five years.

Name	Age	Current Position
John J. Shalam	67	President, Chief Executive Officer and Chairman of the Board of Directors
Philip Christopher	52	Executive Vice President and a Director
Charles M. Stoehr	54	Senior Vice President, Chief Financial Officer and a Director
Patrick M. Lavelle	49	Senior Vice President, Electronics Division and a Director

Name	Age	Current Position
Ann M. Boutcher	50	Vice President, Marketing and a Director
Richard A. Maddia	42	Vice President, MIS and a Director
Paul C. Kreuch, Jr.*	62	Director
Dennis F. McManus*	50	Director

*Member of the Audit and Compensation Committees

John J. Shalam has served as President, Chief Executive Officer and as Director of Audiovox or its predecessor since 1960. Mr. Shalam also serves as President and a Director of most of Audiovox's operating subsidiaries. Mr. Shalam is on the Board of Directors of the Electronics Industry Association and is on the Executive Committee of the Consumer Electronics Association.

Philip Christopher, our Executive Vice President, has been with Audiovox since 1970 and has held his current position since 1983. Before 1983, he served as Senior Vice President of Audiovox. Mr. Christopher is Chief Executive Officer of Audiovox's wireless subsidiary, Audiovox Communications Corp. From 1973 through 1987, he was a Director of our predecessor, Audiovox Corp. Mr. Christopher serves on the Executive Committee of the Cellular Telephone Industry Association.

Charles M. Stoehr has been our Chief Financial Officer since 1979 and was elected Senior Vice President in 1990. Mr. Stoehr has been a Director of Audiovox since 1987. From 1979 through 1990, he was a Vice President of Audiovox.

Patrick M. Lavelle has been a Senior Vice President of the Company since 1991, with responsibility for the Company's mobile and consumer electronics division. Mr. Lavelle is Chief Executive Officer and President of Audiovox's electronics subsidiary, Audiovox Electronics Corporation. He was elected to the Board of Directors in 1993. Mr. Lavelle also serves as Vice Chair of the Mobile Electronics Division of the Consumer Electronics Association and is a Chairman of the Mobile Information Technology Subdivision.

Ann M. Boutcher has been our Vice President of Marketing since 1984. Ms. Boutcher's responsibilities include the development and implementation of our advertising, sales promotion and public relations programs. Ms. Boutcher was elected to the Board of Directors in 1995.

Richard A. Maddia has been our Vice President of Information Systems since 1992. Prior thereto, Mr. Maddia was Assistant Vice President, MIS. Mr. Maddia's responsibilities include development and maintenance of information systems. Mr. Maddia was elected to the Board of Directors in 1996.

Paul C. Kreuch, Jr. was elected to the Board of Directors in February 1997. Mr. Kreuch has been a Principal of Riotto-Jazylo and Company since April 2000. From October 1998 through March 2000, he was a Principal of Secura Burnett Co., LLC since October 1998. From December 1997 through September 1998, he was the President and Chief Executive Officer of Lafayette American Bank. From

June 1996 through November 1997, he was a Senior Vice President at Handy HRM Corp., an executive search firm. From 1993 through 1996, Mr. Kreuch was an Executive Vice President of NatWest Bank N.A. and, before that, was President of National Westminster Bank USA.

Dennis F. McManus was elected to the Board of Directors in March 1998. Mr. McManus has been self-employed as a telecommunications consultant since January 1, 1998. Before that, he was employed by NYNEX Corp. for over 27 years, most recently as a Senior Vice President and Managing Director. Mr. McManus held this position from 1991 through December 31, 1997.

All of our executive officers hold office at the discretion of the Board of Directors.

Cautionary Factors That May Affect Future Results

We have identified certain risk factors that apply to either Audiovox as a whole or one of our specific business units. You should carefully consider each of the following risk factors and all of the other information included or incorporated by reference in this Form 10-K. If any of these risks, or other risks not presently known to us or that we currently believe not to be significant, develop into actual events, then our business, financial condition or results of operations could be materially adversely affected. If that happens, the market price of our common stock would likely decline, and you may lose all or part of your investment.

We May Not Be Able to Compete Successfully in the Highly Competitive Wireless Industry.

The market for wireless handsets and accessories is highly competitive and is character- ized by:

- o intense price competition
- o significant price erosion over the life of a product
- o the demand by wireless carriers for value-added services provided by their suppliers
- o rapid technological development
- o industry consolidation

Our primary competitors for wireless handsets currently are Ericsson, Motorola, Nokia and Kyocera Corporation. In addition, we compete with numerous other established and new manufacturers and distributors, some of whom sell the same or similar products directly to our customers. Historically, our competitors have also included some of our own suppliers and customers. Many of our competitors offer more extensive advertising and promotional programs than we do.

During the last decade, there have been several periods of extreme price competition, particularly when one or more or our competitors has sought to sell off excess inventory by lowering its prices significantly. In particular, in 1995 several of our larger competitors lowered their prices significantly to reduce their inventories, which required us to similarly reduce our prices. These price reductions had a material adverse effect on our profitability. There can be no assurance that our competitors will not do this again, because, among other reasons, many of them have significantly greater financial resources than we do and can withstand substantial price competition. Since we sell products that tend to have low gross profit-margins, price competition has had, and may in the future have, a material adverse effect on our financial performance.

The Electronics Business Is Highly Competitive; Our Electronics Business Also Faces Significant Competition from Original Equipment Manufacturers (OEMs).

The market for consumer electronics is highly competitive across all four of our product lines. We compete against many established companies who have substantially greater resources than us. In addition, we compete directly with OEMs, including divisions of well-known automobile manufacturers, in the autosound, auto security, mobile video and accessories industry. Most of these companies have substantially greater financial and other resources than we do. We believe that OEMs have increased sales pressure on new car dealers with whom they have close business relationships to purchase OEM-supplied equipment and accessories. OEMs have also diversified and improved their product lines and accessories in an effort to increase sales of their products. To the extent that OEMs succeed in their efforts, this success would have a material adverse effect on our sales of automotive entertainment and security products to new car dealers.

Wireless Carriers and Suppliers May Not Continue to Outsource Value-Added Services; We May Not Be Able to Continue to Provide Competitive Value-Added Services.

Wireless carriers purchase from us, rather than directly from our suppliers, because, among other reasons, we provide added services valued by our customers. In order to maintain our sales levels, we must continue to provide these value-added services at reasonable costs to our carrier-customers and suppliers, including:

- product sourcing
- product distribution
- marketing
- custom packaging
- warranty support
- programming wireless handsets
- testing for carrier system acceptance

Our success depends on the wireless equipment manufacturers, wireless carriers, network operators and resellers continuing to outsource these functions rather than performing them in-house. To encourage the use of our services, we must keep our prices reasonable. If our internal costs of supplying these services increase, we may not be able to raise our prices to pass these costs along to our customers and suppliers. As a result of the recent wave of consolidations in the telecommunications industry, wireless carriers, which are the largest customers of our wireless business, may attempt to perform these services themselves. Alternatively, our customers and suppliers may transact business directly with each other rather than through us. If our customers or suppliers begin to perform these services internally or do business directly with each other, it could have a material adverse effect on our sales and our profits.

Our Success Depends on Our Ability to Keep Pace with Technological Advances in the Wireless Industry.

Rapid technological change and frequent new product introductions characterize the wireless product market. Our success depends upon our ability to:

- o identify the new products necessary to meet the demands of the wireless marketplace, and
- o locate suppliers who are able to manufacture those products on a timely and cost-effective basis.

Since we do not make any of our own products and do not conduct our own research, we cannot assure you that we will be able to source the products that advances in technology require to remain competitive. Furthermore, the introduction or expected introduction of new products or technologies may depress sales of existing products and technologies. This may result in declining prices and inventory obsolescence. Since we maintain a substantial investment in product inventory, declining prices and inventory obsolescence could have a material adverse effect on our business and financial results.

We Depend on a Small Number of Key Customers For a Large Percentage of Our Sales.

The wireless industry is characterized by a small number of key customers. In fiscal 1998, 59.6% of our wireless sales were to five customers, and for fiscal 1999, 65.9% of our wireless sales were to five customers. Our five largest customers accounted for 73.6% of our wireless sales in fiscal 2000, one of which accounted for 60.4% of our wireless sales in fiscal 2000.

We Do Not Have Long-term Sales Contracts with Any of Our Customers.

Sales of our wireless products are made by oral or written purchase orders and are terminable at will by either party. The unexpected loss of all or a significant portion of sales to any one of our large customers could have a material adverse effect on our performance. Sales of our electronics products are made by purchase order and are terminated at will at the option of either party. We do not have long-term sales contracts with any of our customers. The unexpected loss of all or a significant portion of sales to any one of these customers could result in a material adverse effect on our performance.

We Could Lose Customers or Orders as a Result of Consolidation in the Wireless Telecommunications Carrier Industry.

As a result of global competitive pressures, there has been significant recent consolidation in the domestic wireless industry:

- o Verizon Wireless: Bell Atlantic, AirTouch Communications, GTE Mobilnet, Prime Co Personal Communications LP, Frontier and Vodafone
- o Cingular Wireless: SBC Communications and Bell South
- o VoiceStream: Expanding into major markets through acquisition of Omnipoint

Future consolidations, could cause us to lose business if any of the new consolidated entities do not perform as they expect to because of integration or other problems. In addition, these consolidations will result in a smaller number of wireless carriers, leading to greater competition in the wireless handset market, and may favor one or more of our competitors over us. This could also lead to fluctuations in our quarterly results. If any of these new entities orders less product from us or elects not to do business with us, it would have a material adverse effect on our business. In fiscal 2000, the five largest wireless customers were Verizon Wireless, AllTel Communications, MCI Worldcom, Brightpoint, Inc. and Canadian Mobility. One of these customers, Verizon Wireless (Bell Atlantic, AirTouch Communications and PrimeCo Personal Communications LP prior to the merger), accounted for 60.4% of Wireless' net sales for fiscal 2000. All of these customers represented 73.6% of Wireless' net sales and 61.6% of consolidated net sales during fiscal 2000.

Sales in Our Electronics Business Are Dependent on New Products and Consumer Acceptance.

Our electronics business depends, to a large extent, on the introduction and availability of innovative products and technologies. Significant sales of new products in niche markets, such as Family Radio Service two-way radios, known as FRS radios, and mobile video systems, have fueled the recent growth of our electronics business. If we are not able to continually introduce new products that achieve consumer acceptance, our sales and profit margins will decline.

Since We Do Not Manufacture Our Products, We Depend on Our Suppliers to Provide Us with Adequate Quantities of High Quality Competitive Products on a Timely Basis.

We do not manufacture our products. We do not have long-term contracts with any of the suppliers who produce our final products and most of our products are imported from suppliers under short-term, non-exclusive purchase orders. In addition, we have had a relationship with several of our wireless suppliers for only a short period of time. Accordingly, we can give no assurance that:

- our supplier relationships will continue as presently in effect

- our suppliers will be able to obtain the components necessary to produce high-quality, technologically-advanced products for us

- we will be able to obtain adequate alternatives to our supply sources should they be interrupted

- if obtained, alternatively sourced products of satisfactory quality would be delivered on a timely basis, competitively priced, comparably featured or acceptable to our customers

Because of the recent increased demand for wireless and consumer electronics products, there have been industry-wide shortages of components. As a result, our suppliers have not been able to produce the quantities of these products that we desire. For example, LCD screens for mobile video products and saw filters and audio processors for wireless products are currently in short supply. Our inability to supply sufficient quantities of products that are in demand could reduce our profitability and have a material adverse effect on our relationships with our customers. If any of our supplier relationships were terminated or interrupted, we could experience an immediate or long-term supply shortage, which could have a material adverse effect on us. It is likely that our supply of wireless products would be interrupted before we could obtain alternative products.

Because We Purchase a Significant Amount of Our Products from Suppliers in Pacific Rim Countries, We Are Subject to the Economic Risks Associated with Changes in the Social, Political, Regulatory and Economic Conditions Inherent in These Countries.

We import most of our products from suppliers in the Pacific Rim. Countries in the Pacific Rim have recently experienced significant social, political and economic upheaval. Because of the large concentrations of our purchases in Pacific Rim countries, particularly Japan, China, Korea, Taiwan and Malaysia, any adverse changes in the social, political, regulatory and economic conditions in these countries may materially increase the cost of the products that we buy from our foreign suppliers or delay shipments of products, which could have a material adverse effect on our business. In addition, our dependence on foreign suppliers forces us to order products further in advance than we would if our products were manufactured domestically. This increases the risk that our products will become obsolete before we can sell our inventory.

We Plan to Expand the International Marketing and Distribution of Our Products, Which Will Subject Us to Additional Business Risks.

As part of our business strategy, we intend to increase our international sales, although we cannot assure you that we will be able to do so. Conducting business outside of the United States subjects us to significant additional risks, including:

- export and import restrictions, tax consequences and other trade barriers
- currency fluctuations
- greater difficulty in accounts receivable collections
- economic and political instability
- foreign exchange controls that prohibit payment in U.S. dollars
- increased complexity and costs of managing and staffing international operations

For instance, our international sales declined by 50% from 1997 to 1998, in significant part due to financial crises in the Asian markets, particularly Malaysia. Any of these factors could have a material adverse effect on our business, financial condition and results of operations.

Fluctuations in Foreign Currencies Could Have a Material Adverse Impact on Our Business.

We cannot predict the effect of exchange rate fluctuations on our future operating results. Also, due to the short-term nature of our supply arrangements, the relationship of the U.S. dollar to foreign currencies will impact price quotes when negotiating new supply arrangements denominated in U.S. dollars. As a result, we could experience declining selling prices in our market without the benefit of cost decreases on purchases from suppliers or we could experience increasing costs without an ability to pass the costs to the customers. We cannot assure you that we will be able to effectively limit our exposure to foreign currencies. Foreign currency fluctuations could cause our operating results to decline and have a material adverse effect on our ability to compete. Many of our competitors manufacture products in the United States or outside the Pacific Rim, which could place us at a competitive disadvantage if the value of the Pacific Rim currencies increased relative to the currency in the countries where our competitors obtain their products. We engage in hedging transactions in connection with our business.

Trade Sanctions Against Foreign Countries or Foreign Companies Could Have a Material Adverse Impact on Our Business.

As a result of trade disputes, the United States and foreign countries have occasionally imposed tariffs, regulatory procedures and importation bans on certain products, including wireless handsets that have been produced in foreign countries. Trade sanctions or regulatory procedures involving a country in which we conduct a substantial amount of business could have a material adverse effect on our operations. Some of the countries we purchase products from are: China, Japan, Korea, Taiwan and Malaysia. China and Japan have been affected by such sanctions in the past. In addition, the United States has imposed, and may in the future impose, sanctions on foreign companies for anti-dumping and other violations of U.S. law. If sanctions were imposed on any of our suppliers or customers, it could have a material adverse effect on our operations.

We May Not Be Able to Sustain Our Recent Growth Rates or Maintain Profit Margins.

Sales of our wireless products, a large portion of our business that operates on a high-volume, low-margin basis, have increased significantly over the past two years, from approximately $432 million in fiscal 1998 to approximately $1.4 billion for fiscal 2000. Sales of our electronics products also increased significantly from approximately $185 million for fiscal 1998 to approximately $278 million for fiscal 2000. We may not be able to continue to achieve these increasing revenue growth rates or maintain profit margins because, among other reasons, of increased competition and technological changes. In addition, we expect that our operating expenses will continue to increase as we seek to expand our business, which could also result in a reduction in profit margins if we do not concurrently increase our sales proportionately.

If Our Sales During the Holiday Season Fall below Our Expectations, Our Annual Results Could Also Fall below Expectations.

Seasonal consumer shopping patterns significantly affect our business. We generally make a substantial amount of our sales and net income during September, October and November, our fourth fiscal quarter. We expect this trend to continue. December is also a key month for us, due largely to the increase in promotional activities by our customers during the holiday season. If the economy faltered in these periods, if our customers altered the timing or frequency of their promotional activities or if the effectiveness of these promotional activities declined, particularly around the holiday season, it could have a material adverse effect on our annual financial results.

A Decline in General Economic Conditions Could Lead to Reduced Consumer Demand for the Discretionary Products We Sell.

Consumer spending patterns, especially discretionary spending for products such as consumer electronics and wireless handsets, are affected by, among other things, prevailing economic conditions, wage rates, inflation, consumer confidence and consumer perception of economic conditions. A general slowdown in the U.S. economy or an uncertain economic outlook could have a material adverse effect on our sales. In addition, our mobile electronics business is dependent on the level of car sales in our markets.

We Depend Heavily on Existing Management and Key Personnel and Our Ability to Recruit and Retain Qualified Personnel.

Our success depends on the continued efforts of John Shalam, Philip Christopher, C. Michael Stoehr and Patrick Lavelle, each of whom has worked with Audiovox for over two decades, as well as our other executive officers and key employees. We do not have employment contracts with any of our executive officers or key employees, nor do we maintain key person life insurance for any of our officers or employees. The loss or interruption of the continued full-time service of certain of our executive officers and key employees could have a material adverse effect on our business.

In addition, to support our continued growth, we must effectively recruit, develop and retain additional qualified personnel both domestically and internationally. Our inability to attract and retain necessary qualified personnel could have a material adverse effect on our business.

We Are Responsible for Product Warranties and Defects.

Even though we outsource manufacturing, we provide warranties for all of our products. Therefore, we are highly dependent on the quality of our suppliers. The warranties for our electronics products range from 90 days to the lifetime of a vehicle for the original owner. The warranties for our wireless products generally range from 90 days to three years. In addition, if we are required to repair a significant amount of product, the value of the product could decline while we are repairing the product. In particular, in 1998, a software problem caused us to recall a specific line of analog handsets. After a $1 million reimbursement from the manufacturer for warranty costs, this recall resulted in a net pre-tax charge of $6.6 million to cover the decline in the selling price of the product during the period we were repairing the handsets. We cannot assure you that we will not have similar problems in the future or that our suppliers will reimburse us for any warranty problems.

Our Capital Resources May Not Be Sufficient to Meet Our Future Capital and Liquidity Requirements.

We believe that we currently have sufficient resources to fund our existing operations for the foreseeable future through our cash flows and borrowings under our credit facility. However, we may need additional capital to operate our business if:

- market conditions change
- our business plans or assumptions change
- we make significant acquisitions
- we need to make significant increases in capital expenditures or working capital

We cannot assure you that we would be able to raise additional capital on favorable terms, if at all. If we could not obtain sufficient funds to meet our capital requirements, we would have to curtail our business plans. We may also raise funds to meet our capital requirements by issuing additional equity, which could be dilutive to our stockholders.

Restrictive Covenants in Our Credit Facility May Restrict Our Ability to Implement Our Growth Strategy, Respond to Changes in Industry Conditions, Secure Additional Financing and Make Acquisitions.

Our credit facility contains restrictive covenants that:

- require us to attain specified pre-tax income
- limit our ability to incur additional debt
- require us to achieve specific financial ratios
- restrict our ability to make capital expenditures or acquisitions

If our business needs require us to take on additional debt, secure financing or make significant capital expenditures or acquisitions, and we are unable to comply with these restrictions, we would be forced to negotiate with our lenders to waive these covenants or amend the terms of our credit facility. We cannot assure you that any such negotiations would be successful.

There Are Claims of Possible Health Risks from Wireless Handsets.

Claims have been made alleging a link between the non-thermal electromagnetic field emitted by wireless handsets and the development of cancer, including brain cancer. Recently, the television show 20/20 on ABC reported that several of the handsets available on the market, when used in certain positions, emit radiation to the user's brain in amounts higher than permitted by the Food and Drug Administration. The scientific community is divided on whether there is any risk associated with the use of wireless handsets and, if so, the magnitude of the risk. Unfavorable publicity, whether or not warranted, medical studies or findings or litigation could have a material adverse effect on our growth and financial results.

In the past, several plaintiffs' groups have brought class actions against wireless handset manufacturers and distributors, including us, alleging that wireless handsets have caused cancer.

To date, none of these actions has been successful. However, actions based on these or other claims may succeed in the future and have a material adverse effect on us.

Several Domestic and Foreign Governments Are Considering, or Have Recently Adopted, Legislation That Restricts the Use of Wireless Handsets While Driving.

Several foreign governments have adopted, and a number of U.S. state and local governments are considering or have recently enacted, legislation that would restrict or prohibit the use of a wireless handset while driving a vehicle or, alternatively, require the use of a hands-free telephone. For example, Brooklyn, Ohio and Suffolk County, New York have adopted statutes that restricts the use of wireless handsets or requires the use of a hands-free kit while driving. Widespread legislation that restricts or prohibits the use of wireless handsets while operating a vehicle could have a material adverse effect on our future growth.

Our Stock Price Could Fluctuate Significantly.

The market price of our common stock could fluctuate significantly in response to various factors and events, including:

- operating results being below market expectations
- announcements of technological innovations or new products by us or our competitors
- loss of a major customer or supplier
- changes in, or our failure to meet, financial estimates by securities analysts
- industry developments
- economic and other external factors
- period-to-period fluctuations in our financial results
- financial crises in Asia
- general downgrading of our industry sector by securities analysts

In addition, the securities markets have experienced significant price and volume fluctuations over the past several years that have often been unrelated to the operating performance of particular companies. These market fluctuations may also have a material adverse effect on the market price of our common stock.

John J. Shalam, Our President and Chief Executive Officer, Owns a Significant Portion of Our Common Stock and Can Exercise Control over Our Affairs.

Mr. Shalam beneficially owns approximately 55% of the combined voting power of both classes of common stock. This will allow him to elect our Board of Directors and, in general, to determine the outcome of any other matter submitted to the stockholders for approval. Mr. Shalam's voting power may have the effect of delaying or preventing a change in control of Audiovox.

We have two classes of common stock: Class A common stock is traded on the Nasdaq Stock Market under the symbol VOXX, and Class B common stock, which is not publicly traded and substantially all of which is beneficially owned by Mr. Shalam. Each share of Class A common stock is entitled to one vote per share and each share of Class B common stock is entitled to ten votes per share. Both classes vote together as a single class, except in certain circumstances, for the election and removal of directors and as otherwise may be required by Delaware law. Since our charter permits shareholder action by written consent, Mr. Shalam may be able to take significant corporate actions without prior notice and a shareholder meeting.

Item 2 - Properties

As of November 30, 2000, the Company leased a total of thirty-four operating facilities located in eleven states and one Canadian province. Wireless utilizes fifteen of these facilities located in California, New Jersey, New York, Pennsylvania, Virginia and Canada. The Electronics Group utilizes nineteen of these facilities located in California, Florida, Georgia, Massachusetts, New York, Ohio, Tennessee, Texas and Canada. These facilities serve as offices, warehouses, distribution centers or retail locations for both Wireless and the Electronics Group. Additionally, the Company utilizes public warehouse facilities located in Norfolk, Virginia and Sparks, Nevada for its Electronics Group and in Miami, Florida, Toronto, Canada, Farmingdale, New York, Rancho Dominguez, California and Tilburg, Netherlands for its Wireless Group. The Company also owns and leases facilities in Venezuela and Malaysia for its Electronics Group.

Item 3 - Legal Proceedings

The Company is currently, and has in the past been, a party to routine litigation incidental to its business. During 2000, the Company, along with other suppliers, manufacturers and distributors of hand-held wireless telephones, was named as a defendant in a class action lawsuit alleging damages relating to exposure to radio frequency radiation from hand-held wireless telephones. An order dismissing the Company as a defendant was granted on the grounds that the plaintiff failed to make proper legal service. However, the plaintiff has the right to effect proper legal service of the original complaint or file a new lawsuit. The Company has not been re-served to date, nor has a new lawsuit been filed. In the event that the Company is re-served or a new lawsuit is filed, the Company would vigorously defend any claims against the Company. The Company does not expect any pending litigation to have a material adverse effect on its consolidated financial position.

Item 4 - Submission of Matters to a Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of fiscal 2000.

PART II

Item 5 - Market for the Registrant's Common Equity and Related Stockholder Matters

Summary of Stock Prices and Dividend Data

The Class A Common Stock of Audiovox are traded on the Nasdaq Stock Market under the symbol VOXX. No dividends have been paid on the Company's common stock. The Company is restricted by agreements with its financial institutions from the payment of common stock dividends while certain loans are outstanding (see Liquidity and Capital Resources of Management's Discussion and Analysis). There are approximately 424 holders of record of our Class A Common Stock and 4 holders of Class B Convertible Common Stock.

Class A Common Stock

Fiscal Period	High	Low	Average Daily Trading Volume
1999			
First Quarter	7.38	5.50	43,260
Second Quarter	8.94	5.94	48,416
Third Quarter	16.00	8.44	151,232
Fourth Quarter	30.00	14.50	222,102
2000			
First Quarter	65.50	25.00	443,904
Second Quarter	72.50	16.63	713,149
Third Quarter	30.94	13.69	740,123
Fourth Quarter	18.88	9.00	355,056

Item 6 - Selected Financial Data

Years ended November 30, 1996, 1997, 1998, 1999 and 2000:
(Dollars in thousands, except per share data)

	1996	1997	1998	1999	2000
Net sales	$ 597,915	$ 639,082	$ 616,695	$1,159,537	$1,702,296
Income before extraordinary item	(26,469)	21,022	2,972	27,246	25,040
Extraordinary item	--	--	--	--	2,189
Net income (loss)	(26,469)	21,022	2,972	27,246	27,229
Net income (loss) per common share before extraordinary item:					
Basic	(2.82)	1.11	0.16	1.43	1.17
Diluted	(2.82)	1.09	0.16	1.39	1.11
Net income (loss) per common share:					
Basic	(2.82)	1.11	0.16	1.43	1.27
Diluted	(2.82)	1.09	0.16	1.39	1.21
Total assets	265,545	289,827	279,679	475,083	502,859
Long-term obligations, less current installments	70,413	38,996	33,724	122,798	24,440
Stockholders' equity	131,499	187,892	177,720	216,744	330,503

This selected financial data includes:

for 1996:

- a pre-tax charge of $26.3 million related to the exchange of $41.3 million of subordinated convertible debentures into 6,806,580 shares of common stock and a related tax expense of $2.9 million;
- a $64.7 million increase in stockholders' equity as a result of the exchange of $41.3 million of subordinated convertible debentures which is not reflected in net income.

for 1997:

- a pre-tax charge of $12.7 million related to the exchange of $21.5 million of subordinated convertible debentures into 2,860,925 shares of common stock and a related tax expense of $158,000;
- a pre-tax gain of $37.5 million on sale of shares of CellStar Corporation held by the Company and a related tax expense of $14.2 million; and
- a $33.6 million increase in stockholders' equity as a result of the exchange of $21.5 million of subordinated convertible debentures which is not reflected in net income.

for 1998:

- a pre-tax charge of $6.6 million for inventory write-downs; and
- a $929,000 increase in stockholders' equity, net of tax, as a result of an unrealized gain on a hedge of available-for-sale securities.

for 1999:

- a pre-tax charge of $2.0 million due to the other-than-temporary decline in the market value of its Shintom common stock; and
- a pre-tax gain of $3.8 million on the issuance of subsidiary shares to Toshiba Corporation.

for 2000:

- a pre-tax charge of $8.2 million for an analog inventory cost reduction;
- a $2.2 million extraordinary item related to the extinguishment of debt;
- a pre-tax gain of $3.9 million on the sale of marketable securities and related recognition of gain on hedge of CellStar common stock;
- a $96.6 million increase in stockholders' equity in connection with a common stock offering of 2.3 million shares; and
- a $10.1 million decrease in stockholders' equity as a result of an unrealized loss on marketable equity securities.

Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations

Forward-looking Statements

This Report on Form 10-K contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Words such as "may," "believe," "estimate," "expect," "plan," "intend," "project," "anticipate," "continues," "could," "potential," "predict" and similar expressions may identify forward-looking statements. The Company has based these forward-looking statements on its current expectations and projections about future events, activities or developments. The Company's actual results could differ materially from those discussed in or implied by these 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

- o seasonality and cyclicality
- o inventory obsolescence and availability

The Company markets its products under the Audiovox brand as well as private labels to 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 95%-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 a lesser extent, carriers overseas. Quintex is a small operation for the direct sale of handsets, accessories and wireless telephone service. For fiscal 2000, sales through Quintex were $63.5 million or 4.5% of Wireless sales. Quintex receives activation commissions and residual fees from retail sales. Quintex also receives a monthly residual payment which is based upon a percentage of the customer's usage.

The Electronics Group consists of wholly-owned subsidiaries, Audiovox Electronics Corporation (AEC) and American Radio Corp., 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's 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.

The Company allocates interest and certain shared expenses to the marketing groups based upon estimated usage. General expenses and other income items that are not readily allocable are not included in the results of the two marketing groups.

From fiscal 1996 through 2000, several major events and trends have affected the Company's results and financial conditions.

Wireless increased its handset sales from 2.1 million units in fiscal 1996 to 8.9 million units in fiscal 2000. This increase in unit sales was primarily due to:

- o the introduction of digital technology, which has allowed carriers to significantly increase subscriber capacity
- o increased number of carriers competing in each market
- o reduced cost of service and expanded feature options
- o increased selling price of digital handsets

During this period, the Company's unit gross profit margin declined due to continued strong competition and increased sales of digital handsets, which have a lower gross profit margin percentage than analog handsets. Despite the margin decline, the Company's gross margin dollars increased significantly due to the large increases in net sales.

Sales by the Electronics Group were $188.4 million in 1996 and $193.9 million in 1997, but declined in 1998 to $185.0 million, primarily due to a financial crisis in Asia, particularly Malaysia. Sales for fiscal 1999 were $242.5 million. Sales for fiscal 2000 were $277.8 million. During this period, the Company's sales were impacted by the following items:

- o the growth of our consumer electronic products business from $2.9 million in fiscal 1996 to $60.9 million in fiscal 2000
- o the introduction of mobile video entertainment systems and other new technologies
- o the Asian financial crisis in 1998
- o growth of OEM business

Gross margins in the Company's electronics business increased from 18.9% in 1996 to 21.6% for fiscal 2000 due, in part, to higher margins in mobile video products and other new technologies and products.

The Company's total operating expenses have increased at a slower rate than sales since 1996. Total operating expenses were $83.3 million in 1996 and $113.8 million in 2000. The Company has invested in management systems and improved its operating facilities to increase its efficiency.

During the period 1996 to 2000, the Company's balance sheet was strengthened by the conversion of its $65 million 6 1/4% subordinated convertible debentures due 2001 into approximately 9.7 million shares of Class A common stock, the net gain of $23.7 million from the sale of CellStar stock held by the Company and the 2.3 million share follow-on offering in which the Company received $96.6 million net proceeds.

All financial information, except share and per share data, is presented in thousands.

Results of Operations

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

	Percentage of Net Sales Years Ended November 30,		
	1998	1999	2000
Net sales:			
Wireless			
Wireless products	65.1%	76.2%	81.7%
Activation commissions	3.5	2.1	1.7
Residual fees	0.6	0.3	0.1
Other	0.9	0.5	0.2
Total Wireless	70.0	79.1	83.7
Electronics			
Mobile electronics	14.1	10.1	7.9
Sound	13.4	7.1	4.6
Consumer electronics	1.9	3.3	3.6
Other	0.6	0.3	0.2
Total Electronics	30.0	20.9	16.3
Total net sales	100.0	100.0	100.0
Cost of sales	(85.6)	(88.4)	(91.0)
Gross profit	14.4	11.6	9.0
Selling	(5.7)	(3.2)	(2.7)
General and administrative	(5.9)	(3.8)	(2.9)
Warehousing, assembly and repair	(2.0)	(1.3)	(1.1)
Total operating expenses	(13.6)	(8.3)	(6.7)
Operating income	0.8	3.3	2.3
Interest and bank charges	(0.8)	(0.4)	(0.4)
Income in equity investments and related income, net	0.2	0.3	0.2
Gain on sale of investments	0.1	0.3	0.1
Gain on hedge of available-for-sale securities	--	--	0.1
Gain on issuance of subsidiary shares	--	0.3	--
Other income (expense)	0.3	(0.2)	0.1
Provision for income taxes	(0.1)	(1.3)	(0.9)
Extraordinary item	--	--	0.1
	0.5%	2.3%	1.6%

Net income

The net sales and percentage of net sales by product line and marketing group for the fiscal years ended November 30, 1998, 1999 and 2000 are reflected in the following table. Certain reclassifications and recaptionings have been made to the data for periods prior to fiscal 2000 in order to conform to fiscal 2000 presentation.

	Fiscal Year Ended November 30,					
	1998		1999		2000	
	(Dollars in thousands)					
Net sales:						
Wireless						
Products	$ 401,184	65.1%	$ 883,537	76.2%	$1,390,026	81.7%
Activation commissions	21,438	3.5	24,412	2.1	28,983	1.7
Residual fees	3,592	0.6	2,939	0.3	1,852	0.1
Other	5,526	0.9	6,197	0.5	3,619	0.2
Total Wireless	431,740	70.0	917,085	79.1	1,424,480	83.7
Electronics						
Mobile electronics	86,736	14.1	117,500	10.1	135,074	7.9
Sound	82,763	13.4	82,843	7.1	77,825	4.6
Consumer electronics	11,827	1.9	38,150	3.3	60,968	3.6
Other	3,629	0.6	3,959	0.3	3,949	0.2
Total Electronics	184,955	30.0	242,452	20.9	277,816	16.3
Total	$ 616,695	100.0%	$1,159,537	100.0%	$1,702,296	100.0%

(Dollars in thousands, except share and per share data)

Fiscal 1999 Compared to Fiscal 2000
Consolidated Results

Net sales for fiscal 2000 were $1,702,296, a 46.8% increase from net sales of $1,159,537 in fiscal 1999. Wireless Group sales were $1,424,480 in fiscal year 2000, a 55.3% increase from sales of $917,085 in fiscal 1999. Unit sales of wireless handsets increased 46.9% to approximately 8,909,000 units in fiscal 2000 from approximately 6,067,000 units in fiscal 1999. The average selling price of the Company's handsets increased to $150 per unit in fiscal 2000 from $140 per unit in fiscal 1999.

Electronics Group sales were $277,816 in fiscal 2000, a 14.6% increase from sales of $242,452 in fiscal 1999. This increase was largely due to increased sales in the mobile video and consumer electronics product lines. Sales by the Company's international subsidiaries increased 2.8% in fiscal 2000 to approximately $25.8 million as a result of improvements in the Malaysian subsidiary.

Gross profit margin for fiscal 2000 was 9.0%, compared to 11.6% in fiscal 1999. This decline in profit margin resulted primarily from an $8,152 analog inventory cost reduction and margin reductions in Wireless attributable to increased sales of digital handsets, which have lower margins. Due to specific technical requirements of individual carrier customers, carriers place large purchase commitments for digital handsets with Wireless, which results in a lower selling price which then lowers gross margins. Gross profit increased 13.2% to $152,368 in fiscal 2000, versus $134,628 in fiscal 1999.

Operating expenses were $113,844 in fiscal 2000, compared to $96,391 in fiscal 1999. As a percentage of net sales, operating expenses decreased to 6.7% in fiscal 2000 from 8.3% in fiscal 1999. Operating income for fiscal 2000 was $38,524, an increase of $287 from fiscal 1999.

During 2000, the Company also recorded an extraordinary gain of $2,189 in connection with the extinguishment of debt.

Net income for fiscal 2000 was $27,229 compared to $27,246 in fiscal 1999. Earnings per share before extraordinary item were $1.17, basic, and $1.11, diluted, and $1.27, basic and $1.21, diluted after extraordinary item, in fiscal 2000 compared to $1.43, basic and $1.39, diluted, in fiscal 1999.

Wireless Results

The following table sets forth for the fiscal years indicated certain statements of income data for Wireless expressed as a percentage of net sales:

	1999		2000	
Net sales:				
Wireless products	$ 883,537	96.3%	$ 1,390,026	97.6%
Activation commissions	24,412	2.7	28,983	2.0
Residual fees	2,939	0.3	1,852	0.1
Other	6,197	0.7	3,619	0.3
Total net sales	917,085	100.0	1,424,480	100.0
Gross profit	81,679	8.9	93,184	6.5
Total operating expenses	44,248	4.8	54,524	3.8
Operating income	37,431	4.1	38,660	2.7
Other expense	(6,176)	0.7	(7,663)	(0.5)
Pre-tax income	$ 31,255	3.4%	$ 30,997	2.2%

Wireless is composed of ACC and Quintex, both subsidiaries of the Company.

Net sales were $1,424,480 in fiscal 2000, an increase of $507,395, or 55.3%, from fiscal 1999. Unit sales of wireless handsets increased by 2,842,000 units in fiscal 2000, or 46.9%, to approximately 8,909,000 units from 6,067,000 units in fiscal 1999. This increase was attributable to sales of portable, digital products. The addition of a new supplier also provided a variety of new digital, wireless products that contributed to the sales increase. The average selling price of handsets increased to $150 per unit in fiscal 2000 from $140 per unit in fiscal 1999. The number of new wireless subscriptions processed by Quintex increased 30.9% in fiscal 2000, with a corresponding increase in activation commissions of approximately $4,571 in fiscal 2000. The average commission received by Quintex per activation decreased by approximately 9.3% in fiscal 2000 from fiscal 1999 due to changes within the commission structure with the various carriers. Unit gross profit margins decreased to 5.7% in fiscal 2000 from 7.8% in fiscal 1999, reflecting an increase in average unit cost, partially offset by an increase in selling prices. During 2000, Wireless adjusted the carrying value of its analog inventory by recording an $8,152 cost reduction. This charge will enable Wireless to effectively exit the active analog market.

However, even as Wireless and the wireless communications market continues to shift away from analog to digital technology, Wireless will continue to sell analog telephones on a limited basis to specific customers to support specific carrier programs.

Operating expenses increased to $54,524 in fiscal 2000 from $44,248 in fiscal 1999. As a percentage of net sales, however, operating expenses decreased to 3.8% during fiscal 2000 compared to 4.8% in fiscal 1999. Selling expenses increased in fiscal 2000 from fiscal 1999, primarily in commissions and divisional marketing expenses. General and administrative expenses increased in fiscal 2000 from fiscal 1999, primarily in office salaries, temporary personnel, depreciation and amortization. Warehousing, assembly and repair expenses increased in fiscal 2000 from fiscal 1999, primarily in direct labor. Pre-tax income for fiscal 2000 was $30,997, a decrease of $258 from fiscal 1999.

Management believes that the wireless industry is extremely competitive and that this competition could affect gross margins and the carrying value of inventories in the future as new competitors enter the marketplace. Also, timely delivery and carrier acceptance of new product could affect our quarterly performance.

Electronics Results

The following table sets forth for the fiscal years indicated certain statements of income data for the Electronics Group expressed as a percentage of net sales:

	1999		2000	
Net sales:				
Mobile electronics	$ 117,500	48.5%	$ 135,074	48.6%
Sound	82,843	34.2	77,825	28.0
Consumer electronics	38,150	15.7	60,968	21.9
Other	3,959	1.6	3,949	1.5
Total net sales	242,452	100.0	277,816	100.0
Gross profit	53,025	21.9	60,066	21.6
Total operating expenses	38,645	15.9	43,360	15.6
Operating income	14,380	5.9	16,706	6.0
Other expense	(3,021)	(1.2)	(1,937)	(0.7)
Pre-tax income	$ 11,359	4.7%	$ 14,769	5.3%

Net sales were $277,816 in fiscal 2000, a 14.6% increase from net sales of $242,452 in fiscal 1999. Mobile and consumer electronics' sales increased over last year, partially offset by decreases in sound and other. Sales of mobile video within the mobile electronics category increased over 40% in fiscal 2000 to approximately $73.2 million from $52.0 million in fiscal 1999. Consumer electronics increased 59.8% to $60,968 in fiscal 2000 from $38,150 in fiscal 1999. These increases were due to the introduction of new product lines in both categories. These increases were partially offset by a decrease in the sound category, particularly SPS, AV, private label and Prestige audio lines.

Operating expenses were $43,360 in fiscal 2000, a 12.2% increase from operating expenses of $38,645 in fiscal 1999. Selling expenses increased during fiscal 2000, primarily in commissions, salesmen's salaries, advertising and divisional marketing. General and administrative expenses increased from fiscal 1999, mostly in office salaries, occupancy costs, depreciation and amortization. Warehousing and assembly expenses increased in fiscal 2000 from fiscal 1999, primarily due to field warehousing expense. Pre-tax income for fiscal 2000 was $14,769, an increase of $3,410 from fiscal 1999.

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 and general 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.

Other Income and Expense

Interest expense and bank charges increased $1,598 during fiscal 2000 from fiscal 1999.

Equity in income of equity investments, net, decreased by approximately $1,685 for fiscal 2000 compared to fiscal 1999. The majority of the decrease was due to decreases in the equity income of ASA and TALK. The decrease in ASA was due to a decrease in sales of mobile video products. The decrease in TALK was due to a change from analog to GSM within the wireless marketplace. During fiscal 2000, the Company disposed of its equity investment in TALK.

During 1999, the Company recorded an other-than-temporary decline in market value of its Shintom common stock in the amount of $1,953 and a related deferred tax benefit of $761. The write- down has been recorded as a component of other expense in the consolidated statements of income.

During 1999, the Company purchased an additional 3,100,000 Japanese yen (approximately $27,467) of Shintom Debentures and exercised its option to convert 2,882,788 Japanese yen of Shintom debentures into shares of Shintom common stock. The Company sold the Shintom common stock yielding net proceeds of $27,916 and a gain of $3,501.

During 2000, the Company exercised its option to convert 800,000 Japanese yen of Shintom debentures into shares of Shintom common stock. The Company sold the Shintom common stock, yielding net proceeds of $12,376 and a gain of $1,850.

During 2000, the Company sold 200,000 shares of its CellStar common stock yielding net proceeds of $851 and a gain of $537. In connection with the sale of the shares, the Company recognized $1,499 ($929 net of taxes) representing the net gain on the hedge of the available-for-sale securities (See Note 21(a)(2) to the consolidated financial statements for further discussion).

On March 31, 1999, Toshiba Corporation, a major supplier, purchased 5% of the Company's subsidiary, Audiovox Communications Corp. (ACC), a supplier of wireless products for $5,000 in cash. The Company currently owns 95% of ACC; prior to the transaction, ACC was a wholly-owned subsidiary. As a result of the issuance of ACC's shares, the Company recognized a gain of $3,800 ($2,470 net of deferred taxes) during 1999.

Provision for Income Taxes

The effective tax rate for 1999 and 2000 was 36.2% and $37.3%, respectively. The increase in the effective tax rate was due to increased foreign taxes offset by a decrease in the valuation allowance and a decrease in state income taxes.

Fiscal 1998 Compared to Fiscal 1999
Consolidated Results

Net sales for fiscal 1999 were $1,159,537, an 88% increase from net sales of $616,595 in fiscal 1998. Wireless Group sales were $917,085 in fiscal year 1999, a 112% increase from sales of $431,740 in fiscal 1998. Unit sales of wireless handsets increased 83.2% to approximately 6,067,000 units in fiscal 1999 from approximately 3,311,000 units in fiscal 1998. The average selling price of the Company's handsets increased to $140 per unit in fiscal 1999 from $114 per unit in fiscal 1998.

Electronics Group sales were $242,452 in fiscal 1999, a 31% increase from sales of $184,955 in fiscal 1998. This increase was largely due to increased sales in the mobile video and consumer electronics product lines. Sales by the Company's international subsidiaries increased 14.2% in fiscal 1999 to approximately $25,100 as a result of improvements in both the Malaysian and Venezuelan subsidiaries.

Gross profit margin for fiscal 1999 was 11.6%, compared to 14.4% in fiscal 1998. This decline in profit margin resulted primarily from margin reductions in Wireless attributable to increased sales of digital handsets, which have lower margins than analog handsets, and was also affected by decreases in Latin American sales and margins. Gross profit increased 52.1% to $134,628 in fiscal 1999, versus $88,541 in fiscal 1998.

Operating expenses were $96,391 in fiscal 1999, compared to $83,670 in fiscal 1998. As a percentage of net sales, operating expenses decreased to 8.3% in fiscal 1999 from 13.6% in fiscal 1998. Operating income for fiscal 1999 was $38,237, an increase of $33,366 from fiscal 1998.

Net income for fiscal 1999 was $27,246, an increase of 817% from net income of $2,972 in fiscal 1998. Earnings per share were $1.43, basic, and $1.39, diluted, in fiscal 1999 compared to $0.16, basic and diluted, in fiscal 1998.

Wireless Results

The following table sets forth for the fiscal years indicated certain statements of income (loss) data for Wireless expressed as a percentage of net sales:

	1998		1999	
Net sales:				
Wireless products	$ 401,184	92.9%	$ 883,537	96.3%
Activation commissions	21,438	5.0	24,412	2.7
Residual fees	3,592	0.8	2,939	0.3
Other	5,526	1.3	6,197	0.7
Total net sales	431,740	100.0	917,085	100.0
Gross profit	46,654	10.8	81,679	8.9
Total operating expenses	42,917	9.9	44,248	4.8
Operating income	3,737	0.9	37,431	4.1
Other expense	(5,588)	(1.3)	(6,176)	(0.7)
Pre-tax income (loss)	$ (1,851)	(0.4)%	$ 31,255	3.3%

Wireless is composed of ACC and Quintex, both subsidiaries of the Company.

Net sales were $917,085 in fiscal 1999, an increase of $485,345, or 112%, from fiscal 1998. Unit sales of wireless handsets increased by 2,756,000 units in fiscal 1999, or 83.2%, to approximately 6,067,000 units from approximately 3,311,000 units in fiscal 1998. This increase was attributable to sales of portable, digital products. The addition of four new suppliers also provided a variety of new digital, wireless products that contributed to the sales increase. The average selling price of handsets increased to $140 per unit in fiscal 1999 from $114 per unit in fiscal 1998. The number of new wireless subscriptions processed by Quintex increased 23.3% in fiscal 1999, with a corresponding increase in activation commissions of approximately $2,974 in fiscal 1999. The average commission received by Quintex per activation decreased by approximately 7.5% in fiscal 1999 from fiscal 1998. Unit gross profit margins increased to 7.8% in fiscal 1999 from 7.3% in fiscal 1998, reflecting increased selling prices of approximately 23.3%, which were partially offset by a corresponding increase of 22.7% in average unit cost. During fiscal 1998, the Company recorded a $6,600 charge to adjust the carrying value of certain cellular inventories, partially offset by a $1,000 credit from a supplier. This charge was the result of a software problem in certain analog cellular phones, as well as a continuing decrease in the selling prices of analog telephones due to pressure from the presence of digital handsets in the market.

Operating expenses increased to $44,248 in fiscal 1999 from $42,917 in fiscal 1998. As a percentage of net sales, however, operating expenses decreased to 4.8% during fiscal 1999 compared to 9.9% in fiscal 1998. Selling expenses decreased in fiscal 1999 from fiscal 1998, primarily in divisional marketing and advertising, partially offset by increases in travel expenses. General and administrative expenses increased in fiscal 1999 from fiscal 1998, primarily due to temporary personnel, insurance expense and provisions for doubtful accounts. Warehousing, assembly and repair expenses increased in fiscal 1999 from fiscal 1998, primarily due to direct labor expenses. Pre-tax income for fiscal 1999 was $31,255, an increase of $33,106 from fiscal 1998.

Management believes that the wireless industry is extremely competitive and that this competition could affect gross margins and the carrying value of inventories in the future.

Electronics Results

The following table sets forth for the fiscal years indicated certain statements of income data for the Electronics Group expressed as a percentage of net sales:

	1998		1999	
Net sales:				
Mobile electronics	$ 86,736	46.9%	$ 117,500	48.5%
Sound	82,763	44.7	82,843	34.2
Consumer electronics	11,827	6.4	38,150	15.7
Other	3,629	2.0	3,959	1.6
Total net sales	184,955	100.0	242,452	100.0
Gross profit	42,049	22.7	53,025	21.9
Total operating expenses	32,466	17.6	38,645	15.9
Operating income	9,583	5.1	14,380	5.9
Other expense	(3,581)	(1.9)	(3,021)	(1.2)
Pre-tax income	$ 6,002	3.2%	$ 11,359	4.7%

Net sales were $242,452 in fiscal 1999, a 31.1% increase from net sales of $184,955 in fiscal 1998. All product categories experienced an increase in sales, particularly in the mobile and consumer electronics product lines. Sales of mobile video, in the mobile electronics category, increased over 400% in fiscal 1999 to approximately $52 million from $10 million in fiscal 1998. Consumer electronics increased 223% to $38,150 in fiscal 1999 from $11,827 in fiscal 1998. These increases were due to the introduction of new product lines in both categories and were partially offset by decreases in Prestige audio and SPS sound lines.

Operating expenses were $38,645 in fiscal 1999, a 19.0% increase from operating expenses of $32,466 in fiscal 1998. Selling expenses increased during fiscal 1999, primarily in salaries, commissions and divisional marketing. These increases were partially offset by decreases in advertising. General and administrative expenses increased from fiscal 1998, mostly in salaries, provision for doubtful accounts and temporary personnel. Warehousing and assembly expenses increased in fiscal 1999 from fiscal 1998, primarily due to tooling expenses, warehousing and direct labor. Pre-tax income for fiscal 1999 was $11,359, an increase of $5,357 from fiscal 1998.

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. Also, certain of its products are subject to price fluctuations which could affect the carrying value of inventories and gross margins in the future.

Other Income and Expense

Interest expense and bank charges decreased $57 during fiscal 1999 from fiscal 1998.

Equity in income of equity investments, net, increased by approximately $3,150 for fiscal 1999 compared to fiscal 1998. The majority of the increases were due to increases in the equity income of ASA and TALK.

During 1998, the Company purchased 400,000 Japanese yen (approximately $3,132) of Shintom debentures and exercised its option to convert the Shintom debentures into shares of Shintom common stock. These shares are included in the Company's available-for-sale marketable securities at November 30, 1998. During the fourth quarter of 1999, the Company recorded an other-than-temporary decline in market value of its Shintom common stock in the amount of $1,953 and a related deferred tax benefit of $761. The write-down has been recorded as a component of other expense in the consolidated statements of income.

During 1998, the Company purchased an additional 1,400,000 Japanese yen (approximately $9,586) of Shintom Debentures and exercised its option to convert 737,212 Japanese yen of Shintom debentures into shares of Shintom common stock. The Company sold the Shintom common stock yielding net proceeds of $5,830 and a gain of $787.

During 1999, the Company purchased an additional 3,100,000 Japanese yen (approximately $27,467) of Shintom Debentures and exercised its option to convert 2,882,788 Japanese yen of Shintom debentures into shares of Shintom common stock. The Company sold the Shintom common stock yielding net proceeds of $27,916 and a gain of $3,501.

As of December 1999, the Company completed the liquidation of Audiovox Pacific Pty. Ltd.

Provision for Income Taxes

The effective tax rate for 1998 and 1999 was 21.8% and 36.2%, respectively. In 1998, the valuation allowance was reduced by $340. In addition, the Company received a benefit in the amount of $350, resulting from concluded state tax examinations, thus reducing the 1998 effective tax rate.

Liquidity and Capital Resources

The Company's cash position at November 30, 2000 was $904 above the November 30, 1999 level. Operating activities used approximately $6,628, primarily from increases in accounts receivable partially offset by an increase in accounts payable, accrued expenses and other current liabilities. Even though accounts receivable has increased, days on hand have decreased approximately 6%. Investing activities provided approximately $3,388, primarily from proceeds from the sale of investment securities, partially offset by the purchase of property, plant and equipment. Financing activities provided approximately $4,198, primarily from the sale of common stock and issuance of notes payable, partially offset by net repayments of bank obligations.

The Company maintains a revolving credit agreement with various financial institutions. During the year ended November 30, 1999, the credit agreement was amended and restated in its entirety, extending the expiration date to July 27, 2004. The amended and restated credit agreement provides for $200,000 of available credit, including $15,000 for foreign currency borrowings. In December 1999, the credit agreement was further amended, resulting in an increase in available credit to $250,000.

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. As of November 30, 2000, availability of credit under the credit agreement 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. At November 30, 2000, the amount of unused available credit is $145,433. The credit agreement also allows for commitment up to $50,000 in forward exchange contracts.

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

The Company also has revolving credit facilities in Malaysia to finance additional working capital needs. As of November 30, 2000, the available line of credit for direct borrowing, letters of credit, bankers' acceptances and other forms of credit approximately $8,158. The Malaysian credit facilities are partially secured by the Company under one standby letter of credit totaling $1,300 and two standby letters of credit totaling $4,800 and are payable upon demand or upon expiration of the standby letters of credit on January 15, 2002 and August 31, 2001, respectively. 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 Company also has revolving credit facilities in Venezuela to finance additional working capital needs. The Venezuelan credit facility is secured by the Company under a standby letter of credit in the amount of $3,500 which expires on May 31, 2001 and is payable upon demand or upon expiration of the standby letter of credit.

In February 2000, the Company completed a follow on offering of 3,565,000 Class A common shares at a price to the public of $45.00 per share. Of the 3,565,000 shares sold, the Company offered 2,300,000 shares and 1,265,000 shares were offered by selling shareholders. Audiovox received approximately $96,573 after deducting expenses. The Company used these net proceeds to repay a portion of amounts outstanding under their revolving credit facility, any portion of which can be reborrowed at any time. The Company did not receive any of the net proceeds from the sale of shares by the selling shareholders.

The Company believes that it has sufficient liquidity to satisfy its anticipated working capital and capital expenditure needs through November 30, 2001 and for the reasonable foreseeable future.

Impact of Inflation and Currency Fluctuation

Inflation has not had a significant impact on the Company's financial position or operating results. To the extent that the Company expands its operations into Latin America and the Pacific Rim, the effects of inflation and currency fluctuations in those areas could have growing significance to its financial condition and results of operations. Fluctuations in the foreign exchange rates in Pacific Rim countries have not had a material adverse effect on the Company's consolidated financial position, results of operations or liquidity.

While the prices that the Company pays for the products purchased from its suppliers are principally denominated in United States dollars, price negotiations depend in part on the relationship between the foreign currency of the foreign manufacturers and the United States dollar. This relationship is dependent upon, among other things, market, trade and political factors.

Seasonality

The Company typically experiences some seasonality in its operations. The Company generally experiences a substantial amount of its sales during September, October and November. December is also a key month for the Company due to increased demand for its products during the holiday season. This increase results from increased promotional and advertising activities from the Company's customers to end-users.

Recent Accounting Pronouncements

In June 1999 and June 2000, respectively, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 137, "Accounting for Derivative Instruments and Hedging Activities-Deferral of the "Effective Date of FASB Statement No. 133" and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities". SFAS 137 and 138 amend SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," which was issued in June 1998. SFAS 137 deferred the effective date of SFAS 133 to all fiscal quarters of fiscal years beginning after June 15, 2000. SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measures those instruments at fair value. Management of the Company does not believe that the implementation of SFAS 133 will have a material impact on its financial position, results of operations or liquidity.

On December 3, 1999, the Securities and Exchange Commission (SEC) issued Staff Accounting Bulletin No. 101 - "Revenue Recognition in Financial Statements" (SAB No. 101). SAB No. 101 provides the SEC staff's views in applying generally accepted accounting principles to revenue recognition in the financial statements. SAB No. 101B delayed the implementation date for registrants to adopt the accounting guidance contained in SAB No. 101 by no later than the fourth fiscal quarter of the fiscal year beginning after December 15, 1999. Management of the Company does not believe that applying the accounting guidance of SAB No. 101 will have a material effect on its financial position, results of operations or liquidity.

In September 2000, the Emerging Issues Task Force (EITF) issued EITF 00-22, "Accounting for Points and Certain Other Time-Based or Volume-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future". EITF 00-22 addresses, among other issues, how a vendor should account for an offer to a customer to rebate or refund a specified amount of cash that is redeemable only if a customer completes a specified cumulative level of revenue transactions or remains a customer for a specified time period. At the January 2001 meeting, the Task Force affirmed its conclusions reached at the November 2000 meeting, at which time they concluded that a vendor should recognize a cash rebate or refund obligation as a reduction of revenue based upon a systematic and rational allocation of the cost of honoring rebates or refunds earned and claimed to each of the underlying revenue transactions. The consensus is effective for interim or annual periods ending after February 15, 2001. A portion of the Company's sales programs are in the form of volume incentive rebates which, as of November 30, 2000, have been recorded in selling expenses on the accompanying consolidated statements of income. Implementation of EITF 00-22 for the Company will be in the first fiscal quarter of 2001. Management of the Company is in the process of assessing the impact that implementation will have on the consolidated financial statements.

Item 7a - Quantitative and Qualitative Disclosures About Market Risk

Market Risk Sensitive Instruments

The market risk inherent in the Company's market risk sensitive instruments and positions is the potential loss arising from adverse changes in marketable equity security prices, foreign currency exchange rates and interest rates.

Marketable Securities

Marketable securities at November 30, 2000, which are recorded at fair value of $5,484 and include net unrealized losses of $307, have exposure to price risk. This risk is estimated as the potential loss in fair value resulting from a hypothetical 10% adverse change in prices quoted by stock exchanges and amounts to $548 as of November 30, 2000. Actual results may differ.

Interest Rate Risk

The Company's bank loans expose earnings to changes in short-term interest rates since interest rates on the underlying obligations are either variable or fixed for such a short period of time as to effectively become variable. The fair values of the Company's bank loans are not significantly affected by changes in market interest rates.

The change in fair value of the Company's long-term debt resulting from a hypothetical 10% decrease in interest rates as of November 30, 2000 is not material.

Foreign Exchange Risk

In order to reduce the risk of foreign currency exchange rate fluctuations, the Company hedges transactions denominated in a currency other than the functional currencies applicable to each of its various entities. The instruments used for hedging are forward contracts with banks. The changes in market value of such contracts have a high correlation to price changes in the currency of the related hedged transactions. Intercompany transactions with foreign subsidiaries and equity investments are typically not hedged. The potential loss in fair value for such net currency position resulting from a 10% adverse change in quoted foreign currency exchange rates as of November 30, 2000 is not material.

The Company is subject to risk from changes in foreign exchange rates for its subsidiaries and equity investments that use a foreign currency as their functional currency and are translated into U.S. dollars. These changes result in cumulative translation adjustments which are included in accumulated other comprehensive income. On November 30, 2000, the Company had translation exposure to various foreign currencies with the most significant being the Malaysian ringgit, Thailand baht and Canadian dollar. The Company also has a Venezuelan subsidiary in which translation adjustments are included in net income. The potential loss resulting from a hypothetical 10% adverse change in quoted foreign currency exchange rates, as of November 30, 2000, amounts to $687. Actual results may differ.

Certain of the Company's investments in marketable securities and notes payable are subject to risk from changes in the Japanese yen rate. As of November 30, 2000, the amount of loss in fair value resulting from a hypothetical 10% adverse change in the Japanese yen rate, for the investments that are not hedged, approximates $787. Actual results may differ.

Item 8 - Consolidated Financial Statements and Supplementary Data

The consolidated financial statements of the Company as of November 30, 1999 and 2000 and for each of the years in the three-year period ended November 30, 2000, together with the independent auditors' report thereon of KPMG LLP, independent auditors, are filed under this Item 8.

Selected unaudited, quarterly financial data of the Company for the years ended November 30, 1999 and 2000 appears below:

	QUARTER ENDED			
	Feb. 28	May 31	Aug. 31	Nov. 30
	(Dollars in thousands, except per share data)			
1999				
Net sales	210,266	242,069	296,732	410,470
Gross profit	26,220	28,721	35,279	44,408
Operating expenses	21,018	23,501	23,764	28,108
Income before provision for income taxes	5,087	10,680	10,415	16,541
Provision for income taxes	2,105	4,226	3,986	5,160
Net income	2,982	6,454	6,429	11,381
Net income per common share before extraordinary item:				
Basic	0.16	0.34	0.34	0.59
Diluted	0.16	0.34	0.32	0.56
Net income per common share:				
Basic	0.16	0.34	0.34	0.59
Diluted	0.16	0.34	0.32	0.56
2000				
Net sales	340,156	381,634	470,334	510,172
Gross profit	34,868	37,131	42,747	37,622
Operating expenses	25,787	28,120	27,689	32,248
Income before provision for income taxes	8,773	11,071	15,427	4,694
Provision for income taxes	3,473	4,160	5,471	1,821
Income before extraordinary item	5,300	6,911	9,956	2,873
Extraordinary item	-	-	-	2,189
Net income	5,300	6,911	9,956	5,062
Net income per common share before extraordinary item:				
Basic	0.27	0.32	0.45	0.13
Diluted	0.25	0.30	0.44	0.13
Net income per common share:				
Basic	0.27	0.32	0.45	0.23
Diluted	0.25	0.30	0.44	0.23

Independent Auditors' Report

The Board of Directors and Stockholders
Audiovox Corporation:

We have audited the accompanying consolidated balance sheets of Audiovox Corporation and subsidiaries as of November 30, 1999 and 2000, and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended November 30, 2000. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Audiovox Corporation and subsidiaries as of November 30, 1999 and 2000, and the results of their operations and their cash flows for each of the years in the three-year period ended November 30, 2000, in conformity with accounting principles generally accepted in the United States of America.

s/KPMG LLP

KPMG LLP

Melville, New York
January 16, 2001

AUDIOVOX CORPORATION AND SUBSIDIARIES
Consolidated Balance Sheets
November 30, 1999 and 2000
(In thousands, except share data)

	1999	2000
Assets		
Current assets:		
Cash	$ 5,527	$ 6,431
Accounts receivable, net	237,272	279,402
Inventory, net	136,554	140,065
Receivable from vendor	9,327	5,566
Prepaid expenses and other current assets	7,940	6,830
Deferred income taxes, net	7,675	12,244
Total current assets	404,295	450,538
Investment securities	30,401	5,484
Equity investments	13,517	11,418
Property, plant and equipment, net	19,629	27,996
Excess cost over fair value of assets acquired and other intangible assets, net	5,661	5,098
Other assets	1,580	2,325
	$ 475,083	$ 502,859
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	$ 76,382	$ 61,060
Accrued expenses and other current liabilities	29,068	62,569
Income taxes payable	8,777	6,274
Bank obligations	15,993	8,104
Notes payable	-	5,868
Current installment of long-term debt	-	486
Documentary acceptances	1,994	-
Total current liabilities	132,214	144,361
Bank obligations	102,007	15,000
Deferred income taxes, net	8,580	972
Long-term debt	5,932	-
Capital lease obligation	6,279	6,260
Deferred compensation	-	2,208
Total liabilities	255,012	168,801
Minority interest	3,327	3,555
Stockholders' equity:		
Preferred stock, liquidation preference of $2,500	2,500	2,500
Common stock:		
Class A; 30,000,000 and 60,000,000 authorized 1999 and 2000, respectively; 17,827,946 and 20,291,046 issued 1999 and 2000, respectively; 17,206,909 and 19,478,554 outstanding 1999 and 2000, respectively	179	204
Class B convertible; 10,000,000 authorized; 2,260,954 issued and outstanding	22	22
Paid-in capital	149,278	248,468
Retained earnings	63,142	90,371
Accumulated other comprehensive income (loss)	5,165	(5,058)
Gain on hedge of available-for-sale securities, net	929	-
Treasury stock, at cost, 621,037 and 762,492 Class A common stock 1999 and 2000, respectively	(4,471)	(6,004)
Total stockholders' equity	216,744	330,503
Commitments and contingencies		
Total liabilities and stockholders' equity	$ 475,083	$ 502,859

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES
Consolidated Statements of Income
Years Ended November 30, 1998, 1999 and 2000
(In thousands, except per share data)

	1998	1999	2000
Net sales	$ 616,695	$ 1,159,537	$ 1,702,296
Cost of sales (including inventory write-downs to market in 1998 of $6,600 and an analog inventory cost reduction of $8,152 in 2000)	528,154	1,024,909	1,549,928
Gross profit	88,541	134,628	152,368
Operating expenses:			
Selling	35,196	36,606	45,942
General and administrative	35,890	44,748	49,800
Warehousing, assembly and repair	12,584	15,037	18,102
Total operating expenses	83,670	96,391	113,844
Operating income	4,871	38,237	38,524
Other income (expense):			
Interest and bank charges	(4,769)	(4,712)	(6,310)
Equity in income of equity investments, net	1,107	4,257	2,572
Gain on sale of investments	787	3,501	2,387
Gain on hedge of available-for-sale securities	--	--	1,499
Gain on issuance of subsidiary shares	--	3,800	--
Other, net	1,805	(2,360)	1,293
Total other income (expense), net	(1,070)	4,486	1,441
Income before provision for income taxes and extraordinary item	3,801	42,723	39,965
Provision for income taxes	829	15,477	14,925
Income before extraordinary item	2,972	27,246	25,040
Extraordinary item-gain on extinguishment of debt	--	--	2,189
Net income	$ 2,972	$ 27,246	$ 27,229
Net income per common share before extraordinary item:			
Basic	$ 0.16	$ 1.43	$ 1.17
Diluted	$ 0.16	$ 1.39	$ 1.11
Net income per common share:			
Basic	$ 0.16	$ 1.43	$ 1.27
Diluted	$ 0.16	$ 1.39	$ 1.21

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity
Years Ended November 30, 1998, 1999 and 2000
(In thousands, except share data)

	Preferred Stock	Common Stock	Paid-In Capital	Unearned Compen -sation	Retained Earnings	Accum-ulated Other Compre-hensive Income (Loss)	Unrealized Gain on Equity Collar	Gain on Hedge of Available for Sale Securities	Treasury Stock	Total Stock-Holders Equity
Balances at November 30, 1997	2,500	195	145,240	(85)	32,924	8,766	773	--	(2,421)	187,892
Comprehensive loss:										
Net income	--	--	--	--	2,972	--	--	--	--	2,972
Other comprehensive income (loss), net of tax:										
Foreign currency translation adjustment	--	--	--	--	--	(2,276)	--	--	--	(2,276)
Unrealized loss on marketable securities, net of tax effect of $ 4,928	-- --	--	--	--	--	(8,040)	--	--	--	(8,040)
Other comprehensive loss										(10,316)
Comprehensive loss										(7,344)
Compensation expense (income)	--	--	(23)	76	--	--	--	--	--	53
Options and non-performance-restricted stock forfeitures due to employee terminations	--	--	(9)	9	--	--	--	--	--	--
Purchase of warrants	--	--	(1,869)	--	--	--	--	--	--	(1,869)
Acquisition of 208,055 common shares	--	--	--	--	--	--	--	--	(1,168)	(1,168)
Sale of equity collar, net of tax effect of $1,043	-	--	--	--	--	--	(773)	929	--	156
Balances at November 30, 1998	2,500	195	143,339	--	35,896	(1,550)	--	929	(3,589)	177,720
Comprehensive income:										
Net income	--	--	--	--	27,246	--	--	--	--	27,246
Other comprehensive income, net of tax:										
Foreign currency translation adjustment	--	--	--	--	--	940	--	--	--	940
Unrealized gain on marketable securities, net of tax effect of $ 3,540	-- --	--	--			5,775	--	--	--	5,775
Other comprehensive income	6,715									
Comprehensive income	33,961									
Compensation expense (income)	--	--	158	--	--	--	--	--	--	158
Exercise of stock options into 364,550 shares of common stock and issuanc of 39,305 shares under the Restriced Stock Plan	--	4	2,775	--	--	--	--	--	--	2,779
Tax benefit of stock options exercised	--	1,101	--	--	--	--	--	--	1,101	
Conversion of debentures into 70,565 shares	--	1	1,248	--	--	--	--	--	--	1,249
Issuance of warrants	--	1	662	--	--	--	--	--	--	663
Purchase of warrants	--	--	(5)	--	--	--	--	--	--	(5)
Acquisition of 122,982 common shares	--	--	--	--	--	--	--	--	(882)	(882)
Balances at November 30, 1999	2,500	201	149,278	--	63,142	5,165	--	929	(4,471)	216,744

AUDIOVOX CORPORATION AND SUBSIDIARIES
Consolidated Statements of Stockholders' Equity (continued)
Years Ended November 30, 1998, 1999 and 2000
(In thousands, except share data)

	Preferred Stock	Common Stock	Paid-In Capital	Unearned Compen -sation	Retained Earnings	Accum-ulated Other Compre-hensive Income (Loss)	Unrealized Gain on Equity Collar	Gain on Hedge of Available for Sale Securities	Treasury Stock	Total Stock-Holders Equity
Comprehensive income:										
Net income	--	--	--	--	27,229	--	--	--	--	27,229
Other comprehensive loss, net of tax:										
Foreign currency translation adjustment	--	--	--	--	--	(104)	--	--	--	(104)
Unrealized loss on marketable securities, net of tax effect $ (6,202)	--	--	--	--	(10,119)	--	--	--		(10,119)
Other comprehensive loss	--	--	--	--	--	--	--	--	--	(10,223)
Comprehensive income	--	--	--	--	--	--	--	--		17,006
Exercise of stock options into 121,300 shares of common stock and issuance of 11,671 shares under the Restricted Stock Plan	--	1	836	--	--	--	--	--	--	837
Tax benefit of stock options exercised	--	--	1,270	--	--	--	--	--	--	1,270
Conversion of debentures into 30,170 shares	--	1	534	--	--	--	--	--	--	535
Issuance of 2,300,000 shares in connection with stock offering	--	23	96,550	--	--	--	--	--	--	96,573
Acquisition of 141,455 common shares	--	--	--	--	--	--	--	--	(1,533)	(1,533)
Recognition of gain on hedge of available-for-sale securities	--	--	--	--	(929)	--	(929)			
Balances at November 30, 2000	2,500	226	248,468	--	90,371	(5,058)	--	--	(6,004)	330,503

See accompanying notes to consolidated financial statements.

AUDIOVOX CORPORATION AND SUBSIDIARIES
Consolidated Statements of Cash Flows
Years Ended November 30, 1998, 1999 and 2000
(In thousands)

	1998	1999	2000
Cash flows from operating activities:			
Net income	$ 2,972	$ 27,246	$ 27,229
Adjustment to reconcile net income to net cash provided by (used in) operating activities:			
Depreciation and amortization	2,471	3,288	4,128
Provision for bad debt expense	581	3,255	2,519
Equity in income of equity investments, net	(1,107)	(4,257)	(2,572)
Minority interest	(320)	(220)	1,087
Gain on sale of investments	(787)	(3,501)	(427)
Gain from the sale of shares of equity investment	--	--	(2,387)
Gain on hedge of available-for-sale securities	--	--	(1,499)
Gain on issuance of subsidiary shares	--	(3,800)	--
Other-than-temporary decline in market value of investment security	--	1,953	--
Deferred income tax benefit, net	(902)	(565)	(6,034)
Provision for unearned compensation	53	--	--
Extraordinary item	--	--	(2,189)
(Gain) loss on disposal of property, plant and equipment, net	(151)	36	(1)
Income tax benefit on exercise of stock options	--	(1,163)	(1,270)
Changes in:			
Accounts receivable	(27,940)	(109,889)	(45,531)
Receivable from vendor	4,266	(8,371)	3,761
Inventory	31,705	(64,533)	(3,945)
Accounts payable, accrued expenses and other current liabilities	9,385	56,615	18,974
Income taxes payable	(4,034)	5,185	(659)
Investment securities-trading	--	--	(2,211)
Prepaid expenses and other, net	1,186	3,105	4,399
Net cash provided by (used in) operating activities	17,378	(95,616)	(6,628)
Cash flows from investing activities:			
Purchases of investment securities	(12,719)	(14,151)	--
Purchases of property, plant and equipment, net	(4,932)	(4,822)	(12,047)
Net proceeds from sale of investment securities	5,830	11,201	13,227
Proceeds from sale of equity collar	1,499	--	--
Proceeds from distribution from equity investment	1,125	1,648	1,286
Proceeds from issuance of subsidiary shares	--	5,000	--
Proceeds from the sale of shares of equity investment	--	--	922
Net cash provided by (used in) investing activities	(9,197)	(1,124)	3,388
Cash flows from financing activities:			
Net borrowings (repayments) of bank obligations	(5,047)	93,428	(94,674)
Issuance of notes payable	--	--	5,868
Payment of dividend to minority shareholder of subsidiary	--	--	(859)
Net repayments under documentary acceptances	(3)	(1,910)	(1,994)
Debt issuance costs	--	(1,175)	--
Principal payments on capital lease obligation	(26)	(19)	(19)
Proceeds from exercise of stock options and warrants	--	3,442	837
Repurchase of Class A common stock	(1,168)	(882)	(1,534)
Purchase of warrants	(1,869)	--	--
Net proceeds from sale of common stock	--	--	96,573
Net cash provided by (used in) financing activities	(8,113)	92,884	4,198
Effect of exchange rate changes on cash	(115)	(15)	(54)
Net increase (decrease) in cash	(47)	(3,871)	904
Cash at beginning of period	9,445	9,398	5,527
Cash at end of period	$ 9,398	$ 5,527	$ 6,431

See accompanying notes to consolidated financial statements.

(1) Summary of Significant Accounting Policies

(a) Description of Business

Audiovox Corporation and its subsidiaries (the Company) design and market a diverse line of products and provide related services throughout the world. These products and services include handsets and accessories for wireless communications, fulfillment services for wireless carriers, automotive entertainment and security products, automotive electronic accessories and consumer electronics.

The Company operates in two primary markets:

(1) Wireless communications. Wireless markets wireless handsets and accessories through domestic and international wireless carriers and their agents, independent distributors and retailers.

(2) Mobile and consumer electronics. The Electronics Group sells autosound, mobile electronics and consumer electronics primarily to mass merchants, power retailers, specialty retailers, new car dealers, original equipment manufactures (OEMs), independent installers of automotive accessories and the U.S. military.

(b) Principles of Consolidation

The consolidated financial statements include the financial statements of Audiovox Corporation and its wholly-owned and majority-owned subsidiaries. All significant intercompany balances and transactions have been eliminated in consolidation.

(c) Cash Equivalents

Investments with original maturities of three months or less are considered cash equivalents. There were no cash equivalents at November 30, 1999 or 2000.

(d) Cash Discounts, Co-operative Advertising Allowances, Market Development Funds and Volume Incentive Rebates

The Company accrues for estimated cash discounts, trade and promotional co-operative advertising allowances, market development funds and volume incentive rebates at the time of sale. These discounts and allowances are reflected in the accompanying

(Continued)

consolidated balance sheets as a reduction of accounts receivable as they are utilized by customers to reduce their trade indebtedness to the Company and in selling expenses in the accompanying consolidated statements of income.

In September 2000, the Emerging Issues Task Force (EITF) issued EITF 00-22, "Accounting for Points and Certain Other Time-Based or Volume-Based Sales Incentive Offers, and Offers for Free Products or Services to Be Delivered in the Future". EITF 00-22 addresses, among other issues, how a vendor should account for an offer to a customer to rebate or refund a specified amount of cash that is redeemable only if a customer completes a specified cumulative level of revenue transactions or remains a customer for a specified time period. At the January 2001 meeting, the Task Force affirmed its conclusions reached at the November 2000 meeting, at which time they concluded that a vendor should recognize a cash rebate or refund obligation as a reduction of revenue based upon a systematic and rational allocation of the cost of honoring rebates or refunds earned and claimed to each of the underlying revenue transactions. The consensus is effective for interim or annual periods ending after February 15, 2001. A portion of the Company's sales programs are in the form of volume incentive rebates which, as of November 30, 2000, have been recorded in selling expenses on the accompanying consolidated statements of income. Implementation of EITF 00-22 for the Company will be in the first fiscal quarter of 2001. Management of the Company is in the process of assessing the impact that implementation will have on the consolidated financial statements.

Cash discounts, co-operative advertising allowances, market development funds and volume incentive rebate expenses approximated $15,789, $15,390 and $21,923 for the years ended November 30, 1998, 1999 and 2000, respectively.

(e) Inventory

Inventory consists principally of finished goods and is stated at the lower of cost (primarily on a weighted moving average basis) or market. 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 second quarter of 1998, the Company recorded a charge of approximately $6,600 to accurately reflect the Company's inventory at the lower of cost or market. During the fourth quarter of 2000, the Company decided to substantially exit the analog phone line of business to reflect the rapid shift in the wireless industry from analog to digital technology. The Company recorded a charge of approximately $8,152 to reduce its carrying value of its analog inventory to estimated market value. No estimate can be made of losses that are reasonably possible should additional write-downs to market be required in the future.

(Continued)

(f) Investment Securities

The Company classifies its equity securities in one of two categories: trading or available- for-sale. Debt securities are classified as held-to-maturity. Trading securities are bought and held principally for the purpose of selling them in the near term. Held-to-maturity debt securities are those securities in which the Company has the ability and intent to hold the security until maturity. All other securities not included in trading or held-to- maturity are classified as available-for-sale.

Trading and available-for-sale securities are recorded at fair value. Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts. Unrealized holding gains and losses on trading securities are included in earnings. Unrealized holding gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported as a component of accumulated other comprehensive income until realized. Realized gains and losses from the sale of available-for-sale securities are determined on a specific identification basis.

A decline in the market value of any available-for-sale or held-to-maturity security below cost that is deemed other-than-temporary results in a reduction in carrying amount to fair value. The impairment is charged to earnings and a new cost basis for the security is established. Premiums and discounts are amortized or accreted over the life of the related held-to-maturity security as an adjustment to yield using the effective interest method. Dividend and interest income are recognized when earned.

(g) Derivative Financial Instruments

The Company, as a policy, does not use derivative financial instruments for trading purposes. A description of the derivative financial instruments used by the Company follows:

(1) Forward Exchange Contracts

The Company conducts business in several foreign currencies and, as a result, is subject to foreign currency exchange rate risk due to the effects that exchange rate movements of these currencies have on the Company's costs. To minimize the effect of exchange rate fluctuations on costs, the Company enters into forward exchange rate contracts. The Company, as a policy, does not enter into forward exchange contracts for trading purposes. The forward exchange rate contracts are entered into as hedges of inventory purchase commitments and of trade receivables due in foreign currencies.

(Continued)

Gains and losses on the forward exchange contracts that qualify as hedges are reported as a component of the underlying transaction. Foreign currency transactions which have not been hedged are marked to market on a current basis with gains and losses recognized through income and reflected in other income (expense). In addition, any previously deferred gains and losses on hedges which are terminated prior to the transaction date are recognized in current income when the hedge is terminated (Note 21(a)(1)).

(2) Equity Collar

As of November 30, 1999, the Company had an equity collar for 200,000 of its shares in CellStar Corporation (CellStar) (Note 8). The equity collar was recorded on the balance sheet at fair value with gains and losses on the equity collar reflected as a separate component of stockholders' equity. The equity collar acted as a hedging item for the CellStar shares. During 2000, the Company sold 200,000 shares of CellStar common stock and in connection with the sale of the shares, recognized $1,499 ($929 net of taxes) representing the net gain on the hedge of the available-for-sale securities (Note 21(a)(2)).

In June 1999 and June 2000, respectively, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 137, "Accounting for Derivative Instruments and Hedging Activities-Deferral of the "Effective Date of FASB Statement No. 133" and SFAS No. 138, "Accounting for Certain Derivative Instruments and Certain Hedging Activities". SFAS 137 and 138 amend SFAS 133, "Accounting for Derivative Instruments and Hedging Activities," which was issued in June 1998. SFAS 137 deferred the effective date of SFAS 133 to all fiscal quarters of fiscal years beginning after June 15, 2000. SFAS 133 establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. It requires that an entity recognize all derivatives as either assets or liabilities in the statement of financial position and measures those instruments at fair value. Implementation of SFAS 133 will be as of December 1, 2000. Management of the Company does not believe that the implementation of SFAS 133 will have a material impact on its financial position, results of operations or liquidity.

(h) Debt Issuance Costs

Costs incurred in connection with the restructuring of bank obligations (Note 12(a)) have been capitalized. During 1999 and 2000, the Company capitalized $1,220 and $148, respectively, in fees associated with the restructuring and various amendments to the Company's credit agreement. These charges are amortized over the lives of the respective agreements. Amortization expense of these costs amounted to $169, $160 and $434 for the years ended November 30, 1998, 1999 and 2000, respectively.

(Continued)

(i) Property, Plant and Equipment

Property, plant and equipment are stated at cost. Equipment under capital lease is stated at the present value of minimum lease payments. Depreciation is calculated on the straight-line method over the estimated useful lives of the assets as follows:

Buildings	20-30 years
Furniture, fixtures and displays	5-10 years
Machinery and equipment	5-10 years
Computer hardware and software	3-5 years
Automobiles	3 years

Leasehold improvements are amortized over the shorter of the lease term or estimated useful life of the asset. Assets acquired under capital lease are amortized over the term of the lease.

(j) Intangible Assets

Intangible assets consist of patents, trademarks and the excess cost over fair value of assets acquired for subsidiary companies and equity investments. Excess cost over fair value of assets acquired is being amortized, on a straight-line basis, over periods not exceeding twenty years. The costs of other intangible assets are amortized on a straight-line basis over their respective lives.

Accumulated amortization approximated $2,583 and $3,145 at November 30, 1999 and 2000, respectively. Amortization of the excess cost over fair value of assets acquired and other intangible assets amounted to $382, $429 and $547 for the years ended November 30, 1998, 1999 and 2000, respectively.

On an ongoing basis, the Company reviews the valuation and amortization of its intangible assets. As a part of its ongoing review, the Company estimates the fair value of intangible assets taking into consideration any events and circumstances which may diminish fair value.

The recoverability of the excess cost over fair value of assets acquired is assessed by determining whether the amortization over its remaining life can be recovered through undiscounted future operating cash flows of the acquired operation. The amount of impairment, if any, is measured based on projected discounted future operating cash flows using a discount rate reflecting the Company's average cost of funds. The assessment of the recoverability of the excess cost over fair value of assets acquired will be impacted if estimated future operating cash flows are not achieved.

(Continued)

(k) Equity Investments

The Company has common stock investments which are accounted for by the equity method (Note 10).

(l) Cellular Telephone Commissions

Under various agency agreements, the Company receives an initial activation commission for obtaining subscribers for cellular telephone services. The agreements may contain provisions for additional commissions based upon usage and length of continued subscription. The agreements also provide for the reduction or elimination of initial activation commissions if subscribers deactivate service within stipulated periods. The Company has provided a liability for estimated cellular deactivations which is reflected in the accompanying consolidated financial statements as a reduction of accounts receivable.

The Company recognizes sales revenue for the initial activation, length of service commissions and residual commissions based upon usage on the accrual basis. Such commissions approximated $27,237, $29,547 and $32,475 for the years ended November 30, 1998, 1999 and 2000, respectively. Related commissions paid to outside selling representatives for cellular activations are included in cost of sales in the accompanying consolidated statements of income and amounted to $13,877, $19,884 and $23,186 for the years ended November 30, 1998, 1999 and 2000, respectively.

(m) Advertising

The Company expenses the costs of advertising as incurred. During the years ended November 30, 1998, 1999 and 2000, the Company had no direct response advertising.

(n) Warranty Expenses

Warranty expenses are accrued at the time of sale based on the Company's estimated cost to repair expected returns for products. At November 30, 1999 and 2000, the liability for future warranty expense amounted to $5,152 and $8,263, respectively.

(o) Foreign Currency

With the exception of a subsidiary operation in Venezuela, which has been deemed a hyper inflationary economy, assets and liabilities of those subsidiaries and equity investments located outside the United States whose cash flows are primarily in local currencies have been translated at rates of exchange at the end of the period or historical exchange rates, as appropriate. Revenues and expenses have been translated at the weighted average rates of exchange in effect during the period. Gains and losses resulting

(Continued)

from translation are accumulated in the cumulative foreign currency translation account in accumulated other comprehensive income. For the operation in Venezuela, financial statements are translated at either current or historical exchange rates, as appropriate. These adjustments, along with gains and losses on currency transactions, are reflected in the consolidated statements of income.

Exchange gains and losses on hedges of foreign net investments and on intercompany balances of a long-term nature are also recorded in the cumulative foreign currency translation adjustment account in accumulated other comprehensive income. Exchange gains and losses on available-for-sale investment securities are recorded in the unrealized gain (loss) on marketable securities in accumulated other comprehensive income. Other foreign currency transaction gains (losses) of $871, $(1,046) and $193 for the years ended November 30, 1998, 1999 and 2000, respectively, were included in other income.

(p) Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

(q) Net Income Per Common Share

Basic earnings per share is based upon the weighted average number of common shares outstanding during the period. Diluted earnings per share reflects the potential dilution that would occur if securities or other contracts to issue common stock were exercised or converted into common stock.

(r) Supplementary Financial Statement Information

Interest income of approximately $896, $943 and $1,616 for the years ended November 30, 1998, 1999 and 2000, respectively, is included in other, net, in the accompanying consolidated statements of income.

(s) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of the contingent assets and liabilities

(Continued)

at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(t) Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of

The Company accounts for its long-lived assets in accordance with the provisions of Statement of Financial Accounting Standards No.121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of " (Statement 121). Statement 121 requires that long-lived assets and certain identifiable intangibles be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to the future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceed the fair value of assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less cost to sell.

(u) Accounting for Stock-Based Compensation

The Company applies the intrinsic value-based method of accounting prescribed by Accounting Principles Board (APB) Opinion No. 25, "Accounting for Stock Issued to Employees", and related interpretations, in accounting for its stock-based compensation plans.

(v) Reporting Comprehensive Income

Effective December 1, 1998, the Company adopted Statement of Financial Accounting Standards No. 130, "Reporting Comprehensive Income" (Statement 130). Statement 130 requires that all items recognized under accounting standards as components of comprehensive income be reported in an annual financial statement that is displayed with the same prominence as other annual financial statements. Other comprehensive income may include foreign currency translation adjustments, minimum pension liability adjustments and unrealized gains and losses on investment securities classified as available-for-sale.

(w) Reclassifications

Certain reclassifications have been made to the 1998 and 1999 consolidated financial statements in order to conform to the 2000 presentation.

(2) Business Acquisitions

During 2000, the Company formed Audiovox Japan (AX Japan), a wholly-owned subsidiary, for the purpose of purchasing land and a building and entering into a sale/leaseback transaction (Note 5(b)).

During 2000, the Company contributed the net assets of its electronics division into a newly- formed, wholly-owned subsidiary, Audiovox Electronics Corporation (AEC).

(3) Issuance of Subsidiary Shares

On March 31, 1999, Toshiba Corporation, a major supplier, purchased 5% of the Company's subsidiary, Audiovox Communications Corp. (ACC), a supplier of wireless products for $5,000 in cash. The Company currently owns 95% of ACC; prior to the transaction ACC was a wholly- owned subsidiary. As a result of the issuance of ACC's shares, the Company recognized a gain of $3,800 in 1999 ($2,204 after provision for deferred taxes). The gain on the issuance of the subsidiary's shares have been recognized in the statements of income in accordance with the Company's policy on the recognition of such transactions.

In February 2000, the Board of Directors of Audiovox Communications Corp. (ACC), declared a dividend payable to its shareholders, Audiovox Corporation, a 95% shareholder, and Toshiba Corporation (Toshiba), a 5% shareholder. During 2000, ACC paid Toshiba its share of the dividend, which approximated $859.

(4) Supplemental Cash Flow Information

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

	For the Years Ended November 30,		
	1998	1999	2000
Cash paid during the years for:			
Interest, excluding bank charges, net of $801 capitalized in 1998	$ 1,587	$ 2,994	$ 4,870
Income taxes	$ 4,496	$12,039	$21,069

Non-cash Transactions:

During 1998, a capital lease obligation of $6,340 was incurred when the Company entered into a building lease (Note 20).

(Continued)

During 1998, the Company sold its equity collar for $1,499. The transaction resulted in a net gain on hedge of available-for-sale securities of $929 which is reflected as a separate component of stockholders' equity (Note 21(a)(2)).

During 1998, 1999 and 2000, the Company exercised its option to convert 1,137,212, 2,882,788 and 800,000 Japanese yen (approximately $8,176,$24,026 and $7,595) of Shintom Co. Ltd. (Shintom) convertible debentures (Shintom debentures) into approximately 7,500,000, 48,100,000 and 33,900,000 shares of Shintom common stock, respectively (Note 14).

During the years ended November 30, 1998, 1999 and 2000, the Company recorded an unrealized holding gain relating to available-for-sale marketable equity securities, net of deferred income taxes, of $(8,040), $5,775 and $(10,119), respectively, as a separate component of accumulated other comprehensive income (Note 18).

During 1999 and 2000, $1,249 and $535 of its $65,000 6 1/4% subordinated debentures were converted into 70,565 and 30,170 shares, respectively, of Class A common stock (Note 14).

(5) Transactions With Major Suppliers

(a) Inventory Purchases

The Company engages in transactions with Shintom and TALK Corporation (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. Shintom is a stockholder who owns all of the outstanding Preferred Stock of the Company at November 30, 1998, 1999 and 2000. Through October 2000, the Company held a 30.8% interest in TALK (Note 14).

Transactions with Shintom and TALK include financing arrangements and inventory purchases which approximated 19%, 11% and 7% for the years ended November 30, 1998, 1999 and 2000, respectively, of total inventory purchases. At November 30, 1998, 1999 and 2000, the Company had recorded $15, $20 and $1, respectively, of liability due to TALK for inventory purchases included in accounts payable. The Company also had documentary acceptance obligations payable to TALK as of November 30, 1998 and 1999 (Note 12(b)). There were no documentary acceptance obligations payable to TALK as of November 30, 2000. At November 30, 1998, 1999 and 2000, the Company had recorded a receivable from TALK in the amount of $734, $3,741 and $3,823, respectively, a portion of which is payable with interest (Note 7), which is reflected in receivable from vendors on the accompanying consolidated financial statements.

Inventory purchases from two major suppliers approximated 47%, 56% and 72% of total inventory purchases for the years ended November 30, 1998, 1999 and 2000,

(Continued)

respectively. Although there are a limited number of manufacturers of its products, management believes that other suppliers could provide similar products on comparable terms. A change in suppliers, however, could cause a delay in product availability and a possible loss of sales, which would affect operating results adversely.

(b) Sale/Leaseback Transaction

In March 2000, the Company incorporated AX Japan, Inc. (AX Japan), a wholly-owned subsidiary, with 60,000,000 Yen (approximately $564). 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 has 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 investment, 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 sheet as of November 30, 2000. Vitec is a major supplier to Shintom, and Pearl is an affiliate of Vitec. The loans bear interest at 5% per annum, and principle is 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 has the option to repurchase the Property or purchase all of the shares of stock of AX Japan. These options can 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

(Continued)

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 has the option to delay the repayment of the loans for an additional six months if Shintom extends 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 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.

(6) Accounts Receivable

Accounts receivable is comprised of the following:

	November 30, 1999	November 30, 2000
Trade accounts receivable	$254,477	$303,003
Receivables from equity investments (Note 10)	1,057	861
	255,534	303,864
Less:		
Allowance for doubtful accounts	5,645	6,921
Allowance for cellular deactivations	1,261	1,254
Allowance for co-operative advertising, cash discounts and market development funds	11,356	16,287
	$237,272	$279,402

(7) Receivable from Vendors

The Company recorded receivable from vendors in the amount of $9,327 and $5,566 as of November 30, 1999 and 2000, respectively. Receivable from vendor represents prepayments on product shipments, defective product reimbursements and interest receivable at a rate of 6.5% and 7.87% at November 30, 1999 and 2000, respectively, on amounts due from TALK (Note 10).

(Continued)

(8) Investment Securities

As of November 30, 2000, the Company's investment securities consists of $3,273 of available-for- sale marketable securities which consist primarily of 1,530,000 shares of CellStar Common Stock and 1,904,000 shares of Shintom common stock and trading securities of $2,211 which consists of mutual funds that are held in connection with the Deferred Compensation Plan (Note 17(f)). As of November 30, 1999, the Company's investment securities consist primarily of 1,730,000 shares of CellStar Common Stock, 1,904,000 shares of Shintom common stock and 1,125,024 Japanese yen of Shintom debentures, which were classified as available-for-sale marketable securities. The cost, gross unrealized gains and losses and aggregate fair value of the investment securities available-for-sale as of November 30, 1999 and 2000 were as follows:

	1999			2000		
	Cost	Gross Unrealized Holding Gain	Aggregate Fair Value	Cost	Gross Unrealized Holding Gain	Aggregate Fair Value
CellStar Common Stock	$ 2,715	$13,936	$16,651	$ 2,401	$ 133	$ 2,534
Shintom Common Stock	1,179	--	1,179	1,179	(440)	739
Shintom Debentures	10,526	2,045	12,571	--	--	--
	$14,420	$15,981	$30,401	$ 3,580	$ (307)	$ 3,273

A related deferred tax liability of $6,053 and deferred tax asset of $116 was recorded at November 30, 1999 and 2000, respectively, as a reduction to the unrealized holding gain (loss) included in accumulated other comprehensive income.

During 1998, the Company purchased 400,000 Japanese yen (approximately $3,132) of Shintom debentures and exercised its option to convert the Shintom debentures into shares of Shintom common stock. These shares are included in the Company's available-for-sale marketable securities at November 30, 1998. During the fourth quarter of 1999, the Company recorded an other-than- temporary decline in market value of its Shintom common stock in the amount of $1,953 and a related deferred tax benefit of $761. The write-down has been recorded as a component of other expense in the consolidated statement of income.

During 1998, the Company purchased an additional 1,400,000 Japanese yen (approximately $9,586) of Shintom debentures and exercised its option to convert 737,212 Japanese yen of Shintom debentures into shares of Shintom common stock. The Company sold the Shintom common stock yielding net proceeds of $5,830 and a gain of $787.

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During 1999, the Company purchased an additional 3,100,000 Japanese yen (approximately $27,467) of Shintom debentures and exercised its option to convert 2,882,788 Japanese yen of Shintom debentures into shares of Shintom common stock. The Company sold the Shintom common stock yielding net proceeds of $27,916 and a gain of $3,501.

During 2000, the Company exercised its option to convert 800,000 Japanese yen of Shintom debentures into shares of Shintom common stock. The Company sold the Shintom common stock, yielding net proceeds of $12,376 and a gain of $1,850.

During 2000, the Company sold 200,000 shares of its CellStar common stock yielding net proceeds of $851 and a gain of $537.

During 2000, the net unrealized holding loss on trading securities that has been included in earnings is $370.

(9) Property, Plant and Equipment

A summary of property, plant and equipment, net, is as follows:

	November 30, 1999	November 30, 2000
Land	$ 363	$ 4,959
Buildings	1,605	4,564
Property under capital lease	7,141	7,141
Furniture, fixtures and displays	1,878	1,909
Machinery and equipment	5,363	5,866
Computer hardware and software	9,655	12,023
Automobiles	580	588
Leasehold improvements	2,968	3,793
	29,553	40,843
Less accumulated depreciation and amortization	(9,924)	(12,847)
	$ 19,629	$ 27,996

The amortization of the property under capital lease is included in depreciation and amortization expense.

Computer software includes approximately $2,927 and $3,133 of unamortized costs as of November 30, 1999 and 2000, respectively, related to the acquisition and installation of management information systems for internal use.

Depreciation and amortization of plant and equipment amounted to $2,089, $2,875 and $3,426 for the years ended November 30, 1998, 1999 and 2000, respectively. Included in accumulated

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depreciation and amortization is amortization of computer software costs of $350, $1,051 and $702 for the years ended November 30, 1998, 1999 and 2000, respectively. Included in accumulated depreciation and amortization is amortization of property under capital lease of $160, $240 and $240 for the years ended November 30, 1998, 1999 and 2000, respectively.

The Company acts as a lessor in an operating lease for land and a building with a cost of $7,450 and accumulated depreciation of $63 (Note 20).

(10) Equity Investments

As of November 30, 2000, the Company's 72% owned subsidiary, Audiovox Communications Sdn. Bhd., had a 29% ownership interest in Avx Posse (Malaysia) Sdn. Bhd. (Posse) which monitors car security commands through a satellite based system in Malaysia. As of November 30, 2000, the Company had a 20% ownership interest in Bliss-tel which distributes cellular telephones and accessories in Thailand. Additionally, the Company had 50% non-controlling ownership interests in three other entities: Protector Corporation (Protector) which acts as a distributor of chemical protection treatments; ASA which acts as a distributor to specialized markets for RV's and van conversions, of televisions and other automotive sound, security and accessory products; and G.L.M. Wireless Communications, Inc. (G.L.M.) which is in the cellular telephone, pager and communications business in the New York metropolitan area.

During 2000, the Company entered into an agreement to cease the operations of its 50% owned investment in Audiovox Pacific Pty., Limited, which was a former distributor of cellular telephones and automotive sound and security products in Australia and New Zealand. At November 30, 1999, prepaid and other current assets included a receivable of $459 due from Audiovox Pacific Pty. Ltd. which was fully repaid in 2000. Also during fiscal 2000, the Company entered into an agreement to transfer to the other equity partner its 50% ownership equity in Quintex West, which is in the cellular telephone and related communication products business, as well as the automotive after-market products business. No consideration was given or no gain or loss was recorded in connection with either of the above transactions as both equity investments had been previously written down.

The Company previously held a 30.8% investment in TALK which was disposed of during fiscal 2000 as discussed in Notes 5(d) and 14).

The Company's net sales to the equity investments amounted to $4,528, $4,605 and $3,233 for the years ended November 30, 1998, 1999 and 2000, respectively. The Company's purchases from the equity investments amounted to $91,095, $146,803 and $119,444 for the years ended November 30, 1998, 1999 and 2000, respectively. The Company recorded $1,752, $1,735 and $1,432 of outside representative commission expenses for activations and residuals generated by G.L.M. on the Company's behalf during fiscal year 1998, 1999 and 2000, respectively.

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Included in accounts receivable at November 30, 1999 and 2000 are trade receivables due from its equity investments aggregating $1,057 and $861, respectively. Receivable from vendor includes $3,741 and $3,823 due from TALK as of November 30, 1999 and 2000, respectively, which represents prepayments on product shipments and interest payable in monthly installments. At November 30, 1999 and 2000, included in accounts payable and other accrued expenses were obligations to equity investments aggregating $1,015 and $30, respectively. Documentary acceptance obligations of $1,994 were outstanding to TALK at November 30, 1999 (Note 12(b)). There were no documentary acceptance obligations outstanding to TALK at November 30, 2000.

For the years ended November 30, 1998, 1999 and 2000, interest income earned on equity investment notes and other receivables approximated $480, $482 and $602, respectively. Interest expense on documentary acceptances payable to TALK approximated $256, $228 and $11 in 1998, 1999 and 2000, respectively.

(11) Unearned Revenue

As of November 30, 2000, included in accrued expenses and other current liabilities on the accompanying consolidated balance sheet, is $27,150 which represents prepayments for future product shipments. The Company will recognize the revenue as product shipments are made.

(12) Financing Arrangements

(a) Bank Obligations

The Company maintains a revolving credit agreement with various financial institutions. During the year ended November 30, 1999, the credit agreement was amended and restated in its entirety, extending the expiration date to July 27, 2004. As a result, bank obligations under the credit agreement have been classified as long-term at November 30, 2000. The amended and restated credit agreement provides for $200,000 of available credit, including $15,000 for foreign currency borrowings. In December 1999, the credit agreement was further amended, resulting in an increase in available credit to $250,000.

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. As of November 30, 2000, availability of credit under the credit agreement 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. At November 30, 2000, the amount of unused available credit is $145,433. The credit agreement also allows for commitment up to $50,000 in forward exchange contracts (Note 21(a)(1)).

Outstanding obligations under the credit agreement at November 30, 1999 and 2000 were as follows:

	November 30, 1999	November 30, 2000
Revolving Credit Notes	$47,007	-
Eurodollar Notes	55,000	$ 15,000
	$102,007	$ 15,000

Interest rates are as follows: revolving credit notes at .50% above the prime rate, which was approximately 7.75%, 8.5% and 9.5% at November 30, 1998, 1999 and 2000, respectively, and Eurodollar Notes at 1.50% above the Libor rate which was approximately 5.62%, 6.48% and 6.8% at November 30, 1998, 1999 and 2000, respectively. The Company pays a commitment fee on the unused portion of the line of credit.

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

The Company also has revolving credit facilities in Malaysia (Malaysian Credit Agreement) to finance additional working capital needs. As of November 30, 2000, the available line of credit for direct borrowing, letters of credit, bankers' acceptances and other forms of credit approximated $6,089. The credit facilities are partially secured by one standby letter of credit totaling $1,300 and two standby letters of credit totaling $4,800, by the Company and payable upon demand or upon expiration of the standby letters of credit on January 15, 2001 and August 31, 2001, respectively. The obligations of the Company under the Malaysian Credit Agreement are secured by the property and building owned by Audiovox Communications Sdn. Bhd. Outstanding obligations under the Malaysian Credit Agreement at November 30, 1999 and 2000 were approximately $5,843 and $4,693, respectively. At November 30, 1998, interest on the credit facility ranged from 9.5% to 12.0%. At November 30, 1999, interest on the credit facility ranged from 7.4% to 9.6%. At November 30, 2000 interest on the credit facility ranged from 7.25% to 7.50%.

As of November 30, 1999 and 2000, Audiovox Venezuela had notes payable of approximately 1,275,500 and 2,354,600 Venezuelan Bolivars ($2,000 and $3,411 at November 30, 1999 and 2000) outstanding to a bank. Interest on the notes payable is 10.7%. The notes are scheduled to be repaid within one year and, as such, are classified as short term. The notes payable are secured by a standby letter of credit in the amount of $3,500 by the Company and is payable upon demand or upon expiration of the standby letter of credit on May 31, 2001.

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The maximum month-end amounts outstanding under the credit agreement and Malaysian Credit Agreement borrowing facilities during the years ended November 30, 1998, 1999 and 2000 were \$42,975, \$110,595 and \$156,854, respectively. Average borrowings during the years ended November 30, 1998, 1999 and 2000 were \$26,333, \$29,835 and \$52,010, respectively, and the weighted average interest rates were 8.7%, 9.6% and 8.9%, respectively.

During 1999, the Company entered into a wholesale financing agreement with a financial institution to finance up to \$15,000 of inventory purchases of a particular supplier. Amounts outstanding under this agreement were \$8,150 at November 30, 1999. Borrowings under the agreement were secured by the inventory purchased. Payments on the borrowings are due within 30 days. Interest was payable after stipulated due dates at a rate of prime plus 1 1/2%, which was 10% at November 30, 1999. The agreement contained several covenants. During 2000, the Company canceled the wholesale financing agreement with the financial institution.

(b) Documentary Acceptances

The Company had various unsecured documentary acceptance lines of credit available with suppliers to finance inventory purchases. The Company does not have written agreements specifying the terms and amounts available under the lines of credit. At November 30, 1999, \$1,994 of documentary acceptances were outstanding of which all was due to TALK. There were no documentary acceptances outstanding at November 30, 2000.

The maximum month-end documentary acceptances outstanding during the years ended November 30, 1998, 1999 and 2000 were \$4,809, \$5,033 and \$997, respectively. Average borrowings during the years ended November 30, 1998, 1999 and 2000 were \$3,885, \$3,755 and \$164, respectively, and the weighted average interest rates, including fees, were 6.6%, 6.1% and 6.6%, respectively.

(13) Notes Payable

A summary of notes payable follows:

	November 30, 1999	November 30, 2000
Note payable due to Vitec (Note 5(b))	-	$ 4,514
Note payable due to Pearl (Note 5(b))	-	1,354
	-	$ 5,868

(Continued)

The notes bear interest at 5% and are payable in equal monthly installments over a six-month period beginning in October 2000. The Company exercised its option to delay repayment of the notes for an additional six months, therefore, payment commences April 2001.

(14) Long-Term Debt

A summary of long-term debt follows:

	November 30,	
	1999	2000
Convertible subordinated debentures:		
6 1/4%, due 2001, convertible at $17.70 per share	$ 1,020	$486
Subordinated note payable	4,912	-
	5,932	486
Less current installments	-	486
	$ 5,932	-

On March 15, 1994, the Company completed the sale of $65,000, 6 1/4% subordinated debentures due 2001 and entered into an indenture agreement. The subordinated debentures are convertible into shares of the Company's Class A common stock, par value $.01 per share at an initial conversion price of $17.70 per share, subject to adjustment under certain circumstances. The indenture agreement contains various covenants. The bonds are subject to redemption by the Company in whole, or in part, at any time after March 15, 1997, at certain specified amounts. On May 9, 1995, the Company issued warrants to certain beneficial holders of these subordinated debentures (Note 17(d)).

During fiscal 1999 and 2000, holders of the Company's $65,000 subordinated convertible debentures exercised their option to convert $1,249 and $534 debentures for 70,565 and 30,170 shares, respectively, of the Company's Class A common stock. As a result of these conversions and the conversions that took place prior to 1999, the remaining subordinated debentures are $1,020 and $486 as of November 30, 1999 and 2000, respectively.

On October 20, 1994, the Company issued a note payable for 500,000 Japanese yen (approximately $4,912 on November 30, 1999) to finance its investment in TALK (Note 10). The note was scheduled to be repaid on October 20, 2004 and bore interest at 4.1%. The note could be repaid by cash payment or by giving 10,000 shares of its TALK investment to the lender. The lender had an option to acquire 2,000 shares of TALK held by the Company in exchange for releasing the Company from 20% of the face value of the note at any time after October 20, 1995. In October 2000, the Company exercised its option to repay the note by returning the 10,000 shares of its TALK investment to the lender. In connection with the transaction, the Company recognized an extraordinary gain in the amount of $2,189 representing the difference between

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the loan, which approximated $4,578, and the Company's recorded investment in TALK, which approximated $2,389, at the time of the transaction.

(15) Income Taxes

The components of income (loss) before the provision for income taxes are as follows:

	November 30, 1998	1999	2000
Domestic Operations	$ 5,380	$ 42,668	$ 37,119
Foreign Operations	(1,579)	55	2,846
	$ 3,801	$ 42,723	$ 39,965

Total income tax expense (benefit) was allocated as follows:

	November 30, 1998	1999	2000
Statement of income	$ 829	$ 15,477	$ 14,925
Stockholders' equity:			
Unrealized holding gain (loss) on investment securities recognized for financial reporting purposes	(4,928)	3,540	(6,202)
Unrealized holding gain (loss) on equity collar recognized for financial reporting purposes	(1,043)	--	570
Income tax benefit of employee stock option exercises	--	(1,101)	(1,270)
Total income tax expense (benefit)	$ (5,142)	$ 17,916	$ 8,023

The provision for (benefit of) income taxes is comprised of:

	Federal	Foreign	State	Total
1998:				
Current	$ 1,499	$ (119)	$ 351	$ 1,731
Deferred	(819)	--	(83)	(902)
	$ 680	$ (119)	$ 268	$ 829
1999:				
Current	$ 14,565	$ (116)	$ 1,593	$ 16,042
Deferred	(118)	(431)	(16)	(565)
	$ 14,447	$ (547)	$ 1,577	$ 15,477
2000:				
Current	$ 18,471	$ 656	$ 1,832	$ 20,959
Deferred	(4,481)	(704)	(849)	(6,034)
	$ 13,990	$ (48)	$ 983	$ 14,925

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

	November 30,					
	1998		1999		2000	
Tax provision at Federal statutory rates	$ 1,292	34.0%	$ 14,953	35.0%	$ 13,988	35.0%
Undistributed income (losses) from equity investments	287	7.6	(373)	(0.9)	--	--
State income taxes, net of Federal benefit	260	6.8	1,025	2.4	639	1.6
Decrease in beginning-of-the-year balance of the valuation allowance for deferred tax assets	(340)	(8.9)	(989)	(2.3)	(1,041)	(2.6)
Foreign tax rate differential	(82)	(2.2)	38	0.1	(59)	(0.1)
Benefit of concluded examination	(350)	(9.2)	--	--	--	--
Other, net	(238)	(6.3)	823	1.9	1,398	3.4
	$ 829	21.8%	$ 15,477	36.2%	$ 14,925	37.3%

(Continued)

The significant components of deferred income tax recovery for the years ended November 30, 1999 and 2000 are as follows:

	November 30, 1999	November 30, 2000
Deferred tax (recovery) expense (exclusive of the effect of other components listed below)	$ 424	$(4,993)
Decrease in beginning-of-the-year balance of the valuation allowance for deferred tax assets	(989)	(1,041)
	$ (565)	$(6,034)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred liabilities are presented below:

	November 30, 1999	November 30, 2000
Deferred tax assets:		
Accounts receivable, principally due to allowance for doubtful accounts and cellular deactivations	$ 1,977	$ 2,290
Inventory, principally due to additional costs capitalized for tax purposes pursuant to the Tax Reform Act of 1986	617	687
Inventory, principally due to valuation reserve	1,702	4,276
Accrual for future warranty costs	615	2,684
Plant, equipment and certain intangibles, principally due to depreciation and amortization	957	1,146
Net operating loss carryforwards, state and foreign	1,327	755
Equity collar	570	--
Accrued liabilities not currently deductible and other	469	382
Deferred compensation plans	--	862
Total gross deferred tax assets	8,234	13,082
Less: valuation allowance	(1,384)	(343)
Net deferred tax assets	6,850	12,739
Deferred tax liabilities:		
Investment securities	(6,323)	(35)
Issuance of subsidiary shares	(1,432)	(1,432)
Total gross deferred tax liabilities	(7,755)	(1,467)
Net deferred tax (liability) asset	$ (905)	$ 11,272

The net change in the total valuation allowance for the year ended November 30, 2000 was a decrease of $1,041. A valuation allowance is provided when it is more likely than not that some portion, or all, of the deferred tax assets will not be realized. The Company has established valuation allowances primarily for net operating loss carryforwards in certain states and foreign countries as well as other deferred tax assets in foreign countries. Based on the Company's ability to carry back future reversals of deferred tax assets to taxes paid in current and prior years and the Company's historical taxable income record, adjusted for unusual items, management believes it is more likely than not that the Company will realize the benefit of the net deferred tax assets existing at November 30, 2000. Further, management believes the existing net deductible temporary differences will reverse during periods in which the Company generates net taxable income. There can be no assurance, however, that the Company will generate any earnings or any specific level of continuing earnings in the future. The amount of the deferred tax asset considered realizable, however, could be reduced in the near term if estimates of future taxable income during the carryforward period are reduced.

At November 30, 2000, the Company had net operating loss carryforwards for state income tax purposes of approximately $4,819, which are available to offset future state taxable income, if any, which will expire through the year ended November 30, 2018.

(16) Capital Structure

The Company's capital structure is as follows:

Security	Par Value	Shares Authorized November 30, 1999	Shares Authorized November 30, 2000	Shares Outstanding November 30, 1999	Shares Outstanding November 30, 2000	Voting Rights Per Share	Liquidation Rights
Preferred Stock	$50.00	50,000	50,000	50,000	50,000	-	$50 per share
Series Preferred Stock	0.01	1,500,000	1,500,000	-	-	-	-
Class A Common Stock	0.01	30,000,000	60,000,000	17,206,909	19,478,554	One	Ratably with Class B
Class B Common Stock	0.01	10,000,000	10,000,000	2,260,954	2,260,954	Ten	Ratably with Class A

The holders of Class A and Class B common stock are entitled to receive cash or property dividends declared by the Board of Directors. The Board can declare cash dividends for Class A common stock in amounts equal to or greater than the cash dividends for Class B common

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stock. Dividends other than cash must be declared equally for both classes. Each share of Class B common stock may, at any time, be converted into one share of Class A common stock.

The 50,000 shares of non-cumulative Preferred Stock outstanding are owned by Shintom and have preference over both classes of common stock in the event of liquidation or dissolution.

The Company's Board of Directors approved the repurchase of 1,563,000 shares of the Company's Class A common stock in the open market under a share repurchase program (the Program). As of November 30, 1999 and 2000, 621,037 and 762,492 shares, respectively, were repurchased under the Program at an average price of $7.20 and $10.80 per share, respectively, for an aggregate amount of $4,471 and $6,004, respectively.

As of November 30, 1999 and 2000, 3,047,953 and 2,926,653 shares of the Company's Class A common stock are reserved for issuance under the Company's Stock Option and Restricted Stock Plans and 402,427 and 372,258 for all convertible securities and warrants outstanding at November 30, 1999 and 2000 (Notes 14 and 17).

In February 2000, the Company sold, pursuant to an underwritten public offering, 2,300,000 shares of its Class A common stock at a price of $45.00 per share. The Company received $96,573 in net proceeds after deducting underwriting commission and offering expenses. The net proceeds from the offering were used to repay a portion of amounts outstanding under the revolving credit facility.

On April 6, 2000, the stockholders approved a proposal to amend the Company's Certificate of Incorporation to increase the number of authorized shares of Class A common stock, par value $.01, from 30,000,000 to 60,000,000.

Undistributed earnings from equity investments included in retained earnings amounted to $4,219 and $4,869 at November 30, 1999 and 2000, respectively.

(17) Stock-Based Compensation and Stock Warrants

(a) Stock Options

The Company has stock option plans under which employees and non-employee directors may be granted incentive stock options (ISO's) and non-qualified stock options (NQSO's) to purchase shares of Class A common stock. Under the plans, the exercise price of the ISO's will not be less than the market value of the Company's Class A common stock or greater than 110% of the market value of the Company's Class A common stock on the date of grant. The exercise price of the NQSO's may not be less than 50% of the market value of the Company's Class A common stock on the date of grant.

(Continued)

The options must be exercisable no later than ten years after the date of grant. The vesting requirements are determined by the Board of Directors at the time of grant.

Compensation expense is recorded with respect to the options based upon the quoted market value of the shares and the exercise provisions at the date of grant. The Company recorded $31 in compensation expense for the year ended November 30, 1999. No compensation expense was recorded for the years ended November 30, 1998 and 2000.

Information regarding the Company's stock options is summarized below:

	Number of Shares	Weighted Average Exercise Price
Outstanding at November 30, 1997	1,699,750	7.38
Granted	10,000	4.63
Exercised	-	-
Canceled	(16,000)	8.79
Outstanding at November 30, 1998	1,693,750	7.33
Granted	1,542,500	14.98
Exercised	(364,550)	7.64
Canceled	(500)	13.00
Outstanding at November 30, 1999	2,871,200	11.41
Granted	-	-
Exercised	(121,300)	6.84
Canceled	-	-
Outstanding at November 30, 2000	2,749,900	11.61
Options exercisable, November 30, 2000	1,632,400	9.29

At November 30, 1999 and 2000, 204,775 and 206,753 shares, respectively, were available for future grants under the terms of these plans.

The per share weighted average fair value of stock options granted during 1998 was $3.45 on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: risk free interest rate of 5.7%, expected dividend yield of 0.0%, expected stock volatility of 60% and an expected option life of 10 years.

The per share weighted average fair value of stock options granted during 1999 was $9.83 on the date of grant using the Black-Scholes option-pricing model with the following weighted average assumptions: risk free interest rate of 5.9%, expected dividend yield

(Continued)

of 0.0%, expected stock volatility of 60% and an expected option life of 10 years. There were no options granted during 2000.

The Company applies Opinion 25 in accounting for its stock option grants and, accordingly, no compensation cost has been recognized in the financial statements for its stock options which have an exercise price equal to or greater than the fair value of the stock on the date of the grant. Had the Company determined compensation cost based on the fair value at the grant date for its stock options under Statement 123, the Company's net income and net income per common share would have been reduced to the pro-forma amounts indicated below:

	1998	1999	2000
Net income:			
As reported	$ 2,972	$ 27,246	$ 27,229
Pro-forma	1,336	25,494	22,795
Net income per common share (basic):			
As reported	$ 0.16	$ 1.43	$ 1.27
Pro-forma	0.07	1.33	1.07
Net income per common share (diluted):			
As reported	$ 0.16$	1.39	$ 1.21
Pro-forma	0.07	1.30	1.01

Pro-forma net income reflect only options granted after November 30, 1995. Therefore, the full impact of calculating compensation cost for stock options under Statement 123 is not reflected in the pro-forma net income amounts presented above because compensation cost is reflected over the options' vesting period and compensation cost for options granted prior to December 1, 1995 was not considered. Therefore, the pro-forma net income may not be representative of the effects on reported net income for future years.

(Continued)

Summarized information about stock options outstanding as of November 30, 2000 is as follows:

	Outstanding			Exercisable	
Exercise Price Range	Number of Shares	Weighted Average Exercise Price of Shares	Weighted Average Life Remaining In Years	Number of Shares	Weighted Average Price of Shares
$4.63 - $8.00	1,150,700	7.22	6.22	1,150,700	7.22
$8.01 - $13.00	109,200	11.63	4.33	109,200	11.63
$13.01 - $15.00	1,490,000	15.00	8.78	372,500	15.00

(b) Restricted Stock Plan

The Company has restricted stock plans under which key employees and directors may be awarded restricted stock. Total restricted stock outstanding, granted under these plans, at November 30, 1999 was 13,750. There were no restricted stock outstanding at November 30, 2000. Awards under the restricted stock plan may be performance- accelerated shares or performance-restricted shares. No performance-accelerated shares or performance-restricted shares were granted in 1998. During fiscal 1999, 32,222 performance-accelerated shares and 12,103 performance-restricted shares were granted. During fiscal 2000, 6,825 performance-accelerated shares and 4,846 performance- restricted shares were granted. During fiscal 1999 and 2000, 19,796 and 1,979 performance-restricted shares lapsed, respectively. No performance-restricted shares lapsed in fiscal year 1998.

Compensation expense for the performance-accelerated shares is recorded based upon the quoted market value of the shares on the date of grant. Compensation expense for the performance-restricted shares is recorded based upon the quoted market value of the shares on the balance sheet date. Compensation expense (income) for these grants for the years ended November 30, 1998, 1999 and 2000 were $(23), $127 and $40, respectively.

(c) Employee Stock Purchase Plan

In April 2000, the stockholders approved the 2000 Employee Stock Purchase Plan. The stock purchase plan provides eligible employees an opportunity to purchase shares of the Company's Class A common stock through payroll deductions at a minimum of 2% and a maximum of 15% of base salary compensation. Amounts withheld are used to purchase Class A common stock on the open market. The cost to the employee for the shares is equal to 85% of the fair market value of the shares on or about the quarterly purchase date (December 31, March 31, June 30 or September 30). The

(Continued)

Company bears the cost of the remaining 15% of the fair market value of the shares as well as any broker fees. This Plan provides for purchases of up to 1,000,000 shares.

(d) Stock Warrants

In December 1993, the Company granted warrants to purchase 50,000 shares of Class A Common Stock at a purchase price of $14.375 per share as part of the acquisition of H & H Eastern Distributors, Inc. During fiscal 1999, the warrants were surrendered for cancellation, and the holder agreed to waive registration rights in exchange for $5.

On May 9, 1995, the Company issued 1,668,875 warrants in a private placement, each convertible into one share of Class A common stock at $7 1/8, subject to adjustment under certain circumstances. The warrants were issued to the beneficial holders as of June 3, 1994, of approximately $57,600 of the Company's subordinated debentures in exchange for a release of any claims such holders may have against the Company, its agents, directors and employees in connection with their investment in the subordinated debentures. As a result, the Company incurred a warrant expense in 1995 of $2,900 and recorded a corresponding increase to paid-in capital. The warrants are not exercisable after March 15, 2001, unless sooner terminated under certain circumstances. John J. Shalam, Chief Executive Officer of the Company, has granted the Company an option to purchase 1,668,875 shares of Class A common stock from his personal holdings. The exercise price of this option is $7 1/8, plus the tax impact, if any, should the exercise of this option be treated as dividend income rather than capital gains to Mr. Shalam. During 1998, the Company purchased approximately 1,324,075 of these warrants at a price of $1.30 per warrant, pursuant to the terms of a self-tender offer. In connection with this purchase, the option to purchase 1,324,075 shares from John J. Shalam's personal holdings was canceled. As of November 30, 2000, 344,800 remaining warrants are outstanding.

During fiscal 1997, the Company granted warrants to purchase 100,000 shares of Class A Common Stock, which have been reserved, at $6.75 per share. The warrants, which are exercisable in whole or in part at the discretion of the holder, expire on January 29, 2002. During the year ended November 30, 1999, all of the warrants were exercised.

(e) Profit Sharing Plans

The Company has established two non-contributory employee profit sharing plans for the benefit of its eligible employees in the United States and Canada. The plans are administered by trustees appointed by the Company. A contribution of $150, $800 and $1,000 was made by the Company to the United States plan in fiscal 1998, 1999 and 2000, respectively. Contributions required by law to be made for eligible employees in Canada were not material.

(Continued)

(f) Deferred Compensation Plan

Effective December 1, 1999, the Company adopted a Deferred Compensation Plan (the Plan) for a select group of management. The Plan is intended to provide certain executives with supplemental retirement benefits as well as to permit the deferral of more of their compensation than they are permitted to defer under the Profit Sharing and 401(k) Plan. The Plan provides for a matching contribution equal to 25% of the employee deferrals up to $20. The Plan is not intended to be a qualified plan under the provisions of the Internal Revenue Code. All compensation deferred under the Plan is held by the Company in an investment trust which is considered an asset of the Company. The investments, which amounted to $2,211 at November 30, 2000, have been classified as trading securities and are included in investment securities on the accompanying consolidated balance sheet as of November 30, 2000. The return on these underlying investments will determine the amount of earnings credited to the employees. The Company has the option of amending or terminating the Plan at any time. The deferred compensation liability is reflected as long-term liability on the accompanying consolidated balance sheet as of November 30, 2000.

(18) Accumulated Other Comprehensive Income (Loss)

The change in net unrealized gain (loss) on marketable securities of $(8,040), $5,775 and $(10,119) for the years ended November 30, 1998, 1999 and 2000 is net of tax of $(4,928), $3,540 and $(6,202), respectively. Reclassification adjustments of $488, $2,171 and $1,480 are included in the net unrealized gain (loss) on marketable securities for the years ended November 30, 1998, 1999 and 2000, respectively.

The currency translation adjustments are not adjusted for income taxes as they relate to indefinite investments in non-U.S. subsidiaries and equity investments.

(Continued)

(19) Net Income Per Common Share

A reconciliation between the numerators and denominators of the basic and diluted earnings per common share is as follows:

	For the Years Ended November 30,		
	1998	1999	2000
Net income (numerator for net income per common share, basic)	$ 2,972	$ 27,246	$ 27,229
Interest on 6 1/4% convertible subordinated			8
debentures, net of tax	--	84	2
Adjusted net income (numerator for net income per common share, diluted)	$ 2,972	$ 27,330	$ 27,257
Weighted average common shares (denominator for net income per common share, basic)	19,134,529	19,100,047	21,393,566
Effect of dilutive securities:			
Employee stock options and stock warrants	--	430,560	1,129,896
Employee stock grants	--	62,175	--
Convertible debentures	--	110,551	42,344
Weighted average common and potential common shares outstanding (denominator for net income per common share, diluted)	19,134,529	19,703,333	22,565,806
Net income per common share before extraordinary item:			
Basic	$ 0.16	$ 1.43	$ 1.17
Diluted	$ 0.16	$ 1.39	$ 1.11
Net income per common share:			
Basic	$ 0.16	$ 1.43	$ 1.27
Diluted	$ 0.16	$ 1.39	$ 1.21

Employee stock options and stock warrants totaling 2,779,363 and 1,565,000 for the years ended November 30, 1998 and 2000, respectively, were not included in the net income per share calculation because their effect would have been anti-dilutive. There were no anti-dilutive stock options and stock warrants for the years ended November 30, 1999.

(20) Lease Obligations

During 1998, the Company entered into a 30-year lease for a building with its principal stockholder and chief executive officer. A significant portion of the lease payments, as required under the lease agreement, consists of the debt service payments required to be made by the principal stockholder in connection with the financing of the construction of the building. For financial reporting purposes, the lease has been classified as a capital lease, and, accordingly, a building

(Continued)

and the related obligation of approximately $6,340 was recorded (Note 9). The effective interest rate on the capital lease obligation is 8.0%

In connection with the capital lease, the Company paid certain construction costs on behalf of its principal stockholder and chief executive officer in the amount of $1,301 which, at November 30, 1999, was included in prepaid and other current assets on the accompanying consolidated financial statements. During 2000, $740 was repaid to the Company. At November 30, 2000, $80 has been included in prepaid and other current assets and $481 has been included in non- current other assets on the accompanying consolidated financial statements.

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

At November 30, 2000, the Company was obligated under non-cancelable capital and operating leases for equipment and warehouse facilities for minimum annual rental payments as follows:

	Capital Lease	Operating Leases
2001	$ 530	$ 1,774
2002	553	1,557
2003	554	1,048
2004	553	278
2005	552	197
Thereafter	12,547	6
Total minimum lease payments	15,289	$ 4,860
Less: amount representing interest	9,010	
Present value of net minimum lease payments	6,279	
Less: current installments included in accrued expenses and other current liabilities	19	
Long-term obligation	$ 6,260	

Rental expense for the above-mentioned operating lease agreements and other leases on a month- to-month basis approximated $2,563, $2,552 and $2,642 for the years ended November 30, 1998, 1999 and 2000, respectively.

Minimum future rentals on a one-year operating lease in which the Company acts as a lessor is approximately 21,245,000 yen ($197) for fiscal 2001 (Note 5(b)).

(Continued)

The Company leases certain facilities and equipment from its principal stockholder and several officers. Rentals for such leases are considered by management of the Company to approximate prevailing market rates. At November 30, 2000, minimum annual rental payments on these related party leases, in addition to the capital lease payments, which are included in the above table, are as follows:

2001	$941
2002	941
2003	667
	=====

(21) Financial Instruments

(a) Derivative Financial Instruments

(1) Forward Exchange Contracts

At November 30, 1998 and 2000, the Company had contracts to exchange foreign currencies in the form of forward exchange contracts in the amount of $5,352 and $4,230, respectively. These contracts have varying maturities with none exceeding one year as of November 30, 1998 or 2000. At November 30, 1999, the Company had no contracts to exchange foreign currencies in the form of forward exchange contracts. For the years ended November 30, 1998, 1999 and 2000, gains and losses on foreign currency transactions which were not hedged were not material. For the years ended November 30, 1998, 1999 and 2000, there were no gains or losses as a result of terminating hedges prior to the transaction date.

(2) Equity Collar

The Company entered into an equity collar on September 26, 1997 to hedge some of the unrealized gains associated with its investment in CellStar (Note 8). The equity collar provided that on September 26, 1998, the Company can put 100,000 shares of CellStar to the counter party to the equity collar (the bank) at $38 per share in exchange for the bank being able to call the 100,000 shares of CellStar at $51 per share. The Company has designated this equity collar as a hedge of 100,000 of its shares in CellStar being that it provides the Company with protection against the market value of CellStar shares falling below $38. Given the high correlation of the changes in the market value of the item being hedged to the item underlying the equity collar, the Company applied hedge accounting for this equity collar. The equity collar was recorded on the balance sheet at fair value with gains and losses on the equity collar reflected as a separate component of equity. During 1998, the Company sold

(Continued)

its equity collar for $1,499. The transaction resulted in a net gain on hedge of available-for-sale securities of $929 which was reflected as a separate component of stockholders' equity. Also during 1998, the CellStar stock split two-for-one, resulting in the equity collar hedging 200,000 shares of CellStar stock. During 2000, the Company sold 200,000 shares of CellStar common stock and in connection with the sale of the shares, recognized $1,499 ($929 net of taxes) representing the net gain on the hedge of the available-for-sale securities (Note 1(g)(2)).

The Company is exposed to credit losses in the event of nonperformance by the counter parties to its forward exchange contracts. The Company anticipates, however, that counter parties will be able to fully satisfy their obligations under the contracts. The Company does not obtain collateral to support financial instruments, but monitors the credit standing of the counter parties.

(b) Off-Balance Sheet Risk

Commercial letters of credit are issued by the Company during the ordinary course of business through major domestic banks as requested by certain suppliers. The Company also issues standby letters of credit principally to secure certain bank obligations of Audiovox Communications Sdn. Bhd. and Audiovox Venezuela (Note 12(a)). The Company had open commercial letters of credit of approximately $41,173 and $65,820, of which $28,727 and $45,569 were accrued for purchases incurred as of November 30, 1999 and 2000, respectively. The terms of these letters of credit are all less than one year. No material loss is anticipated due to nonperformance by the counter parties to these agreements. The fair value of these open commercial and standby letters of credit is estimated to be the same as the contract values based on the nature of the fee arrangements with the issuing banks.

The Company is a party to joint and several guarantees on behalf of G.L.M. which aggregate $300. There is no market for these guarantees and they were issued without explicit cost. Therefore, it is not practicable to establish its fair value.

(c) Concentrations of Credit Risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of trade receivables. The Company's customers are located principally in the United States and Canada and consist of, among others, wireless carriers and service providers, distributors, agents, mass merchandisers, warehouse clubs and independent retailers.

At November 30, 1999, three customers, which were wireless carrier and service providers, accounted for approximately 15.8%, 15.5% and 11.1%, respectively, of accounts receivable. At November 30, 2000, one customer, a wireless carrier and service provider, accounted for approximately 47% of accounts receivable.

During the year ended November 30, 1998, two customers accounted for approximately 18.3% and 14.9%, respectively, of the Company's 1998 sales. During the year ended November 30, 1999, three customers accounted for approximately 19.6%, 14.9% and 12.7%, respectively, of the Company's 1999 sales. During the year ended November 30, 2000, one customer accounted for approximately 50.5% of the Company's 2000 sales.

The Company generally grants credit based upon analyses of its customers' financial position and previously established buying and payment patterns. The Company establishes collateral rights in accounts receivable and inventory and obtains personal guarantees from certain customers based upon management's credit evaluation.

A portion of the Company's customer base may be susceptible to downturns in the retail economy, particularly in the consumer electronics industry. Additionally, customers specializing in certain automotive sound, security and accessory products may be impacted by fluctuations in automotive sales. A relatively small number of the Company's significant customers are deemed to be highly leveraged.

(d) Fair Value

The carrying value of all financial instruments classified as a current asset or liability is deemed to approximate fair value because of the short maturity of these instruments. The estimated fair value of the Company's financial instruments are as follows:

	November 30, 1999		November 30, 2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Investment securities	$ 30,401	$ 30,401	$ 5,484	$ 5,484
Long-term obligations	$107,939	$109,261	$ 15,000	$ 15,000

The following methods and assumptions were used to estimate the fair value of each class of financial instruments for which it is practicable to estimate that value:

(Continued)

Investment Securities

The carrying amount represents fair value, which is based upon quoted market prices and conversion features at the reporting date (Note 8).

Long-Term Obligations

The carrying amount of bank debt under the Company's revolving credit agreement approximates fair value because the interest rate on the bank debt is reset every quarter to reflect current market rates. With respect to the subordinated debentures, fair values are based on quoted market price.

Forward Exchange Contracts (Derivative)

The fair value of the forward exchange contracts are based upon exchange rates at November 30, 2000 as the contracts are short term.

Limitations

Fair value estimates are made at a specific point in time, based on relevant market information and information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

(22) Segment Information

The Company has two reportable segments which are organized by products: Wireless and Electronics. The Wireless segment 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 described in the summary of significant accounting policies (Note 1). 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.

(Continued)

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 is jointly 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. Segment identifiable assets are those which are directly used in or identified to segment operations.

During the year ended November 30, 1998, two customers of the Wireless segment accounted for approximately 18.3% and 14.9% of the Company's 1998 sales. During the year ended November 30, 1999, three customers of the Wireless segment accounted for approximately 19.6%, 14.9% and 12.7% of the Company's 1999 sales. During the year ended November 30, 2000, one customer of the Wireless segment accounted for approximately 50.5% of the Company's 2000 sales. No customers in the Electronics segment exceeded 10% of the consolidated sales in fiscal 1998, 1999 or 2000.

Effective December 1, 1999, a non-Quintex retail operation, previously reported in the Wireless segment, has been included in the Electronics segment.

	Wireless	Electronics	Corporate	Consolidated Totals
1998				
Net sales	431,740	184,955	--	616,695
Intersegment sales (purchases), net	(1,125)	1,125	--	--
Interest income	215	165	517	897
Interest expense	5,466	4,138	(5,173)	4,431
Depreciation and amortization	615	832	1,024	2,471
Income (loss) before provision for income tax	(1,851)	6,002	(350)	3,801
Total assets	138,136	79,597	61,946	279,679
Non-cash items:				
Provision for bad debt expense	288	561	(268)	581
Deferred income tax benefit	--	--	902	902
Minority interest	--	--	(320)	(320)
Capital expenditures	1,003	475	3,454	4,932

(Continued)

	Wireless	Electronics	Corporate	Consolidated Totals
1999				
Net sales	917,085	242,452	--	1,159,537
Intersegment sales (purchases), net	(1,149)	1,149	--	--
Interest income	64	80	794	938
Interest expense	6,034	3,332	(5,307)	4,059
Depreciation and amortization	712	1,023	1,553	3,288
Income (loss) before provision for income tax	31,255	11,358	110	42,723
Total assets	267,435	125,117	82,794	475,346
Non-cash items:				
Provision for bad debt expense	1,892	727	636	3,255
Deferred income tax benefit	--	--	565	565
Minority interest	--	--	3,327	3,327
Capital expenditures	1,747	1,211	1,864	4,822
2000				
Net sales	1,424,480	277,816	--	1,702,296
Intersegment sales (purchases), net	302	(302)	--	--
Interest income	198	104	1,314	1,616
Interest expense	7,752	2,551	(4,729)	5,574
Depreciation and amortization	789	1,285	2,054	4,128
Income (loss) before provision for income tax and extraordinary item	30,997	14,769	(5,801)	39,965
Extraordinary item	--	--	2,189	2,189
Total assets	301,671	134,051	67,137	502,859
Non-cash items:				
Provision for bad debt expense	1,946	758	(185)	2,519
Deferred income tax benefit	--	--	6,034	6,034
Minority interest	--	--	3,555	3,555
Capital expenditures	1,241	1,091	9,715	12,047

(Continued)

Net sales and long-lived assets by location for the years ended November 30, 1998, 1999 and 2000 were as follows.

	Net Sales			Long-Lived Assets		
	1998	1999	2000	1998	1999	2000
United States	$ 531,307	$1,059,536	$1,456,082	$ 50,469	$ 68,126	$ 50,828
Canada	15,789	23,146	68,004	--	--	--
Argentina	27,354	22,831	17,888	--	--	--
Peru	10,514	9,913	--	--	--	--
Portugal	2,024	--	7,679	--	--	--
Malaysia	7,592	7,780	15,294	1,348	1,275	849
Venezuela	14,358	22,853	15,264	1,366	1,387	644
Mexico, Central America and Caribbean	7,289	10,568	100,599	--	--	--
Chile	--	--	15,794	--	--	--
Other foreign countries	468	2,910	5,692	--	--	--
Total	$ 616,695	$1,159,537	$1,702,296	$ 53,183	$ 70,788	$ 52,321

(23) Related Party Transactions

During 1998, the Company entered into a 30-year lease for a building with its principle stockholder and chief executive officer (Note 20). Also during 1998, the Company entered into a sale/leaseback transaction for certain equipment with its principle stockholder and chief executive office (Note 20).

During 2000, the Company advanced $620 to an officer/director of the Company which has been included in prepaid expenses and other current assets on the accompanying consolidated balance sheet. On December 1, 2000, the Company obtained a note in the amount of $620 for the advance. The note, which bears interest at the LIBOR rate, to be adjusted quarterly, plus 1.25% per annum, is due, principle and interest, on November 30, 2001.

The Company also leases certain facilities and equipment from its principle stockholder and several officers (Note 20).

(24) 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

(Continued)

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 2000, the Company, along with other suppliers, manufacturers and distributors of hand-held wireless telephones, was named as a defendant in a class action lawsuit alleging damages relating to exposure to radio frequency radiation from hand-held wireless telephones. An order dismissing the Company as a defendant was granted on the grounds that the plaintiff failed to make proper legal service. However, the plaintiff has the right to effect proper legal service of the original complaint or file a new lawsuit. The Company has not been re-served to date, nor has a new lawsuit been filed. In the event that the Company is re-served or a new lawsuit is filed, the Company would vigorously defend any claims against the Company.

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 (Note 21(b)).

Item 9 - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None

PART III

Item 10 - Directors and Executive Officers of the Registrant

Information regarding this item is set forth under the captions "Election of Directors" and Compliance with Section 16(a) of the Exchange Act" of the Company's Proxy Statement to be dated March 26, 2001, which will be filed pursuant to Regulation 14A under the Securities Exchange Act of 1934 (the Proxy Statement) and is incorporated herein by reference. Information with regard to Executive Officers is set forth in Item 1 of this Form 10-K.

Item 11 - Executive Compensation

The information regarding this item is set forth under the caption "Executive Compensation" of the Proxy Statement and is incorporated herein by reference.

Item 12 - Security Ownership of Certain Beneficial Owners and Management

The information regarding this item is set forth under the caption "Beneficial Ownership of Common Stock" of the Proxy Statement and is incorporated herein by reference.

Item 13 - Certain Relationships and Related Transactions

Information regarding this item is set forth under the caption "Certain Relationships and Related Party Transactions" of the Proxy Statement.

PART IV

Item 14 - Exhibits, Consolidated Financial Statement Schedules, and Reports on Form 8-K

(a) (1)

The following are included in Item 8 of this Report:

Independent Auditors' Report

Consolidated Balance Sheets of Audiovox Corporation and Subsidiaries as of November 30, 1999 and 2000.

Consolidated Statements of Income of Audiovox Corporation and Subsidiaries for the Years Ended November 30, 1998, 1999 and 2000.

Consolidated Statements of Stockholders' Equity of Audiovox Corporation and Subsidiaries for the Years Ended November 30, 1998, 1999 and 2000.

Consolidated Statements of Cash Flows of Audiovox Corporation and Subsidiaries for the Years Ended November 30, 1998, 1999 and 2000.

Notes to Consolidated Financial Statements.

(a) (2)
Financial Statement Schedules of the Registrant for the Years Ended November 30, 1998, 1999 and 2000.

Independent Auditors' Report on Financial Statement Schedules

Schedule Number	Description	Page Number
II	Valuation and Qualifying Accounts	93

All other financial statement schedules not listed are omitted because they are either not required or the information is otherwise included.

Independent Auditors' Report

The Board of Directors and Stockholders
Audiovox Corporation:

Under the date of January 16, 2001 we reported on the consolidated balance sheets of Audiovox Corporation and subsidiaries as of November 30, 1999 and 2000, and the related consolidated statements of income, stockholders' equity, and cash flows for each of the years in the three-year period ended November 30, 2000, which are included in the Company's 2000 annual report on Form 10-K. In connection with our audits of the aforementioned consolidated financial statements, we also audited the related consolidated financial statement schedule in the 2000 annual report on Form 10-K. This consolidated financial statement schedule is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement schedule based on our audits.

In our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

s/KPMG LLP

KPMG LLP

Melville, New York
January 16, 2001

(3) Exhibits

See Item 14(c) for Index of Exhibits.

(b) Reports on Form 8-K

During the fourth quarter, the Company filed one report on Form 8-K, dated November 8, 2000 and filed on November 9, 2000. The Form 8-K reported that on November 8, 2000, the Company announced preliminary results for its fiscal fourth quarter and year ended November 30, 2000. Annexed to the Form 8-K, as Exhibits 1 and 2, respectively, were the Company's Press Release dated November 8, 2000 and a transcript of the conference call held on November 8, 2000.

(c) Exhibits

Exhibit Number	Description
3.1	Certificate of Incorporation of the Company (incorporated by reference to the Company's Registration Statement on Form S-1; No. 33-107, filed May 4, 1987).
3.1a	Amendment to Certificate of Incorporation (incorporated by reference to the Company's Annual Report on Form 10-K for the year ended November 30, 1993).
3.1b	Amendment to Certificate of Incorporation (filed herewith).
3.2	By-laws of the Company (incorporated by reference to the Company's Registration Statement on Form S-1; No. 33-10726, filed May 4, 1987).
10.1	The Fourth Amended and Restated Credit Agreement among the Registrant and the several banks and financial institutions dated as of July 28, 1999 (incorporated by reference to the Company's Form 8-K filed via EDGAR on October 27, 1999).
10.2	First Amendment, dated as of October 13, 1999, to the Fourth Amended and Restated Credit Agreement among the Registrant and the several banks and financial institutions (incorporated by reference to the Company's Form 8-K filed via EDGAR on October 27, 1999).
10.3	Second Amendment, dated as of December 20, 1999, to the Fourth Amended and Restated Credit Agreement among the Registrant and the several banks and financial institutions (incorporated by reference to the Company's Form 8-K filed via EDGAR on January 13, 2000).
21	Subsidiaries of the Registrant (filed herewith).
23	Independent Auditors' Consent (filed herewith).

(d) All other schedules are omitted because the required information is shown in the financial statements or notes thereto or because they are not applicable.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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

February 28, 2001

BY:s/John J. Shalam

John J. Shalam, President
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Title	Date
s/John J. Shalam - -- John J. Shalam	President; Chief Executive Officer (Principal Executive Officer and Director	February 28, 2001
s/Philip Christopher - -- Philip Christopher	Executive Vice President and Director	February 28, 2001
s/Charles M. Stoehr - -- Charles M. Stoehr	Senior Vice President, Chief Financial Officer (Principal Financial and Accounting Officer) and Director	February 28, 2001
s/Patrick M. Lavelle - -- Patrick M. Lavelle	Director	February 28, 2001
s/Ann Boutcher - -- Ann Boutcher	Director	February 28, 2001
s/Richard A. Maddia - -- Richard A. Maddia	Director	February 28, 2001
s/Paul C. Kreuch, Jr. - -- Paul C. Kreuch, Jr.	Director	February 28, 2001
s/Dennis McManus - -- Dennis McManus	Director	February 28, 2001

Schedule II

AUDIOVOX CORPORATION AND SUBSIDIARIES
Valuation and Qualifying Accounts
Years Ended November 30, 1998, 1999 and 2000
(In thousands)

Column A	Column B	Column C		Column D	Column E
Description	Balance at Beginning Of Year	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance At End Of Year
1998					
Allowance for doubtful accounts	$ 3,497	$ 581	--	$ 1,134	$ 2,944
Cash discount allowances	189	--	--	19	170
Co-op advertising and volume rebate allowances	5,672	12,129	--	9,664	8,137
Allowance for cellular deactivations	1,363	--	--	488	875
Reserve for warranties and product repair costs	4,068	2,306	--	2,289	4,085
	$14,789	$15,016	--	$13,594	$16,211
1999					
Allowance for doubtful accounts	$ 2,944	$ 3,342	--	$ 641	$ 5,645
Cash discount allowances	170	49	--	--	219
Co-op advertising and volume rebate allowances	8,137	12,122	--	9,122	11,137
Allowance for cellular deactivations	875	386	--	--	1,261
Reserve for warranties and product repair costs	4,085	4,486	--	800	7,771
	$16,211	$20,385	--	$10,563	$26,033
2000					
Allowance for doubtful accounts	$ 5,645	$ 2,794	--	$ 1,518	$ 6,921
Cash discount allowances	219	--	--	24	195
Co-op advertising and volume rebate allowances	11,137	16,885	--	11,930	16,092
Allowance for cellular deactivations	1,261	--	--	7	1,254
Reserve for warranties and product repair costs	7,771	8,326	--	4,169	11,928
	$26,033	$28,005	--	$17,648	$36,390

AMENDED AND RESTATED

CERTIFICATE OF INCORPORATION

OF

AUDIOVOX CORPORATION

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

We the undersigned, being, respectively, the President and Secretary, hereby certify as follows:

1. The name of the corporation (the "Corporation") is Audiovox Corporation.

2. The original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on April 10, 1987.

3. A Certificate of Amendment of the Corporation was filed with the Secretary of State of the State of Delaware on May 28, 1993.

4. In accordance with Sections 242 and 245 of the General Corporation Law of the State of Delaware (the "DGCL"), this Amended and Restated Certificate of Incorporation (a) has been duly proposed by resolutions adopted and declared advisable by the Board of Directors of the Corporation, (b) approved by the stockholders of the Corporation at its annual meeting of stockholders, duly called and held upon notice in accordance with Section 222 of the DGCL, and (c) duly executed by an officer of the Corporation in accordance with Section 103 of the DGCL and, upon filing with the Secretary of State in accordance with Section 103, shall supersede the original Certificate of Incorporation, as amended, and shall, as it may thereafter be amended in accordance with its terms and applicable law, be the Certificate of Incorporation of the Corporation.

5. Pursuant to Section 103(d) of the DGCL, this Amended and Restated Certificate of Incorporation shall become effective at 11:00 a.m. on April 6, 2000.

6. The text of the Certificate of Incorporation of the Corporation, as amended heretofore, is hereby amended and restated to read in its entirety as follows:

CERTIFICATE OF INCORPORATION
OF
AUDIOVOX CORPORATION

FIRST: The name of the Corporation is Audiovox Corporation (the "Corporation").

SECOND: The address of the Corporation's registered office in the State of Delaware is 410 South State Street, in the City of Dover, County of Kent, 19901, and the name of its registered agent at such address is United Corporate Services, Inc.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The total number of shares of stock the Corporation has authority to issue is 71,550,000 shares, of which 60,000,000 shall be Class A Common Stock, par value $.01 per share (the "Class A Common Stock"), 10,000,000 shall be Class B Common Stock, par value $.01 per share (the "Class B Common Stock"), 50,000 shall be Preferred Stock, par value $50.00 per share (the "Preferred Stock") and 1,500,000 shall be Series Preferred Stock, par value $.01 per share (the "Series Preferred Stock").

A description of the different classes of the Corporation's capital stock and a statement of the powers, designations, preferences and relative participating, optional or other special rights, and the qualifications, limitations or restrictions thereof are as follows:

A. Class A and Class B Common Stock.

The Class A Common Stock and Class B Common Stock shall be identical in all respects and shall have equal rights and privileges, except as otherwise hereinafter provided.

1. Voting

(a) At every meeting of the stockholders of the Corporation (or with respect to any action by written consent in lieu of a meeting of stockholders), each share of Class A Common Stock shall be entitled to one (1) vote (whether voted in person by the holder thereof or by proxy

or pursuant to a stockholders' consent) and each share of Class B Common Stock shall be entitled to ten (10) votes (whether voted in person by the holder thereof or by proxy or pursuant to a stockholders' consent).

(b) With respect to the election of directors, holders of Class A Common Stock voting as a separate class shall be entitled, subject to section A.1(e) of this Article Fourth, to elect that number of directors which constitutes 25% of the authorized number of members of the Board of Directors and, if such 25% is not a whole number, then the holders of Class A Common Stock shall be entitled to elect the nearest higher whole number of directors that is at least 25% of such membership. Holders of Class B Common Stock voting as a separate class shall be entitled, subject to section A.1(f) of this Article Fourth, to elect the remaining directors. Directors elected by the holders of Class A Common Stock, voting as a separate class, and directors elected by one or more other directors (as hereinafter provided) to fill vacancies created by the death, resignation or removal of directors elected by such class, shall be designated as "Class A Directors". Directors elected by the holders of Class B Common Stock, voting as a separate class, and directors elected by one or more other directors (as hereinafter provided) to fill vacancies created by the death, resignation or removal of directors elected by such class, shall be designated as "Class B Directors". Directors elected by the holders of Class A Common Stock and Class B Common Stock, voting together as a single class pursuant to section A.1(e) or section A.1(f) of this Article Fourth, and directors elected by one or more other directors to fill vacancies created by the death, resignation or removal of directors so elected, shall be designated as "Joint Directors".

(c) Holders of Class A Common Stock shall vote as a separate class on the removal, without cause, of any Class A Director. Holders of Class B Common Stock shall be entitled to vote as a separate class on the removal, without cause, of any Class B Director. Holders of Class A Common Stock and Class B Common Stock shall vote together as a single class on the removal, with cause, of any Class A Director or Class B Director and on the removal, with or without cause, of any Joint Director.

(d) Any vacancy in the office of a Class A Director may be filled by a vote of the holders of Class A Common Stock voting as a separate class. Any vacancy in the office of a Class B Director may be filled by a vote of the holders of Class B Common Stock voting as a separate class. Any vacancy in the office of a Joint Director may be filled by a vote of holders of Class A Common Stock and Class B Common Stock, voting together as a single class. Notwithstanding anything in this subsection (d) to the contrary, any vacancy or newly created directorship of any class may be filled by the vote of the majority of the directors in such class, by the sole remaining director in such class or, in the event that there are no remaining directors in such class, by the vote of the majority of the other directors or by the sole remaining director, regardless in each instance, of any quorum requirements set out in the By-laws. Any director elected by some or all of the directors to fill a vacancy or newly created directorship shall serve until the next Annual Meeting of Stockholders and until his or her successor has been elected and has qualified. If permitted by the By-laws, the Board of Directors may increase the number of directors and any vacancy so created may be filled by the Board of Directors; provided, however, that so long as the holders of Class A Common Stock have the rights provided in subsections

A.1(b) and A.1(d) of this Article Fourth in respect of the last preceding Annual Meeting of Stockholders, the Board of Directors may be so enlarged by the Board of Directors only to the extent that at least 25% of the enlarged Board consists of Class A Directors and in the manner set forth in the fourth sentence of this subsection A.1(d).

(e) Holders of Class A Common Stock will not have the right to elect directors set forth in subsections A.1(b) and A.1(d) if, on the record date for the stockholder meeting at which such directors are to be elected, or on the record date for any written consent of stockholders pursuant to which directors are elected, the number of issued and outstanding shares of Class A Common Stock is less than 10% of the aggregate number of issued and outstanding shares of Class A Common Stock and Class B Common Stock. In such case, all directors to be elected shall be elected by holders of Class A Common Stock and Class B Common Stock voting together as a single class.

(f) Holders of Class B Common Stock will not have the rights to elect directors set forth in subsections A.1(b) and A.1(d) if, on the record date for the stockholder meeting at which such directors are to be elected, or on the record date for any written consent of stockholders pursuant to which directors are elected, the number of issued and outstanding shares of Class B Common Stock is less than 12.5% of the aggregate number of issued and outstanding shares of Class A Common Stock and Class B Common Stock. In such case, holders of Class A Common Stock, voting as a separate class, shall have the right to elect 25% of the members of the Board of Directors as provided in subsection A.1(b), and holders of Class A Common Stock and holders of Class B Common Stock voting together as a single class shall be entitled to elect the remaining directors.

(g) Except as otherwise specifically stated in this Article Fourth, shares of Class A Common Stock and shares of Series Preferred Stock may be issued by the Corporation from time to time as approved by the Board of Directors without the approval of the stockholders. No shares of Class B Common Stock may be issued by the Board of Directors without the prior approval of a majority in interest of the holders of Class B Common Stock, voting separately as a class, except as provided in sections A.3 and A.4 of this Article Fourth.

(h) The holders of the Class A Common Stock and the holders of the Class B Common Stock shall be entitled to vote as separate classes only (i) when required by law to do so irrespective of the limitations placed herein on the voting rights of such stockholders, or (ii) where a separate class vote is required by specific provisions therefor in this Certificate of Incorporation. Holders of Class A Common Stock and Class B Common Stock shall vote as a single class in order to amend this Certificate of Incorporation so as to increase or decrease the aggregate number of authorized shares of any class or classes of stock, and no separate class vote of either class shall be required for such amendment.

(i) Notwithstanding anything in this section A.1 to the contrary, the holders of Class A Common Stock shall have exclusive voting power on all matters at any time when no Class B Common Stock is issued and outstanding, and the holders of Class B Common Stock shall have exclusive voting power on all matters at any time when no Class A Common Stock is issued and outstanding.

2. Conversion

(a) Each share of Class B Common Stock may at any time be converted into one (1) fully paid and nonassessable share of Class A Common Stock. Any such conversion shall be effected by the surrender by the record holder thereof of the certificate representing such share of Class B Common Stock to be converted, duly endorsed, to the Corporation, at the principal executive offices of the Corporation, or any transfer agent for the Company's Common Stock, together with a written notice of the election by the record holder thereof to convert, and (if so required by the Corporation or the transfer agent) by instruments of transfer in form satisfactory to the Corporation or the transfer agent. Such written notice shall state the name or names in which such holder desires the certificate or certificates for such Class A Common Stock to be issued and the number of shares of Class B Common Stock to be converted. A conversion shall be deemed to have occurred at the close of business on the date when the Corporation or the transfer agent has received the prescribed written notice, the required certificate or certificates and any such instruments of transfer and the person or persons entitled to receive the Class A Common Stock issuable on such conversion shall be treated for all purposes as the record holder or holders of such Class A Common Stock on that date. The Corporation or the transfer agent shall issue and deliver to such holder, or such holder's nominee or nominees, a certificate or certificates representing the number of shares of Class A Common Stock to which such holder shall be entitled as soon as practicable thereafter. In no event, upon conversion of any shares of Class B Common Stock into shares of Class A Common Stock shall any allowance or adjustment be made in respect of dividends on the Class B Common Stock or Class A Common Stock. Any such conversion shall be made without charge for any stamp or similar tax in respect of the issuance of the certificate or certificates for the shares of Class A Common Stock issued in connection with such conversion, unless such certificate is to be issued in a name other than that of the record holder of the share or shares of Class B Common Stock converted, in which case such record holder shall pay to the Corporation or the transfer agent the amount of any tax which may be payable in respect of any transfer involved in such conversion.

(b) The Corporation covenants that it will at all times reserve and keep available, solely for the purpose of issuance upon conversion of the outstanding shares of Class B Common Stock, such number of shares of Class A Common Stock as shall be issuable upon the conversion of all such outstanding shares of Class B Common Stock, provided that nothing contained herein shall be construed to preclude the Corporation from satisfying its obligations in respect of the conversion of the outstanding shares of Class B Common Stock by delivery of shares of Class A Common Stock which are held in the treasury of the Corporation.

(c) The Corporation shall not be required to convert Class B Common Stock, and no surrender of Class B Common Stock shall be effective for that purpose, while the stock transfer books of the Corporation are closed for any purpose, but the valid presentation of Class B Common Stock for conversion during any period such books are so closed shall become effective for conversion immediately upon the reopening of such books, as if the conversion had been made on the date such Class B Common Stock was surrendered.

(d) Shares of the Class B Common Stock converted as herein provided shall resume the status of authorized but unissued shares of Class B Common Stock.

(e) No fraction of a share of Class A Common Stock shall be issued on conversion of any Class B Common Stock but, in lieu thereof, the Corporation shall pay in cash therefor the pro rata fair market value of any such fraction. Such fair market value shall be based, in the case of publicly traded securities, on the last sale price for such securities on the business day next prior to the date such fair market value is to be determined (or, in the event no sale is made on that day, the average of the closing bid and asked prices for that day on the principal stock exchange on which Class A Common Stock is traded or, if the Class A Common Stock is not then listed on any national securities exchange, the average of the closing bid and asked prices for the day quoted by the NASDAQ System), or, if not publicly traded, the fair market value on such date determined by a qualified independent appraiser expert in evaluating such securities and appointed by the Board of Directors of the Corporation. Any such determination of fair market value shall be final and binding on the Corporation and on each holder of Class B Common Stock or Class A Common Stock.

3. Dividends

(a) The holders of Class A Common Stock and Class B Common Stock shall be entitled to receive such dividends and distributions, payable in cash or otherwise, as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor, provided that all such dividends or distributions shall be paid or made in equal amounts, share for share, to the holders of Class A Common Stock and Class B Common Stock as if a single class, except that (i) the Board of Directors may declare, and the Corporation may pay, an equal or a greater (but not a lesser) amount per share on the Class A Common Stock than on the Class B Common Stock, in the case of a dividend payable solely in cash, except a dividend paid in partial or complete liquidation of the Corporation, which liquidating dividend shall in any event be paid in the same amount per share to holders of Class A Common Stock and Class B Common Stock; (b) in the event that any dividend is declared in shares of Class A Common Stock or Class B Common Stock, such dividend shall be declared at the same rate per share on Class A Common Stock and Class B Common Stock, but the dividend payable on shares of Class A Common Stock shall be payable in shares of Class A Common Stock, and the dividend payable on shares of Class B Common Stock shall be payable in shares of Class B Common Stock; and (iii) any dividend described in section A.3(b) of this Article Fourth may be paid as therein described. The Board of Directors may declare and pay dividends payable solely in cash to the holders of Class A Common Stock without declaring and paying dividends to the holders of shares of Class B Common Stock (except for dividends in partial or complete liquidation of the Corporation).

(b) In the event the Corporation shall distribute to the holders of Class A Common Stock and Class B Common Stock the common stock or substantially equivalent equity securities of any subsidiary of the Corporation, the Board of Directors shall have the power, but shall not be obligated, to capitalize or recapitalize such subsidiary with classes of common equity having powers, designations, preferences, and relative, participating, optional, or other special rights and qualifications, limitations, and restrictions thereof, corresponding, respectively, insofar as practicable, to those of the Class A Common Stock and Class B Common Stock, and the Board of Directors of the Corporation shall have the power, but shall not be obligated, to distribute to the holders of Class A Common Stock, the shares of the subsidiary with rights corresponding to those of the Class A Common Stock and to distribute to the holders of Class B Common Stock, the shares of the subsidiary with rights corresponding to those of the Class B Common Stock; provided, however, that holders of Class A Common Stock and holders of Class B Common Stock shall respectively receive the same number of shares of such subsidiary per share of Class A Common Stock and per share of Class B Common Stock held.

4. Stock Splits and Other Transactions

Shares of Class A Common Stock or Class B Common Stock may not be split up, subdivided, combined or reclassified, unless at the same time the shares of such other class are proportionately so split up, subdivided, combined or reclassified in a manner which maintains the same proportionate equity ownership between the holders of Class A Common Stock and Class B Common Stock as comprised on the record date for any such transaction.

5. Liquidation Rights

(a) In the event of any dissolution, liquidation or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment or provision for payment of the debts and other liabilities of the Corporation, the holders of Preferred Stock shall be entitled to receive $50 per share and the holders of each series of Series Preferred Stock shall receive an amount for each share equal to the amount fixed and determined by the Board of Directors in any resolution or resolutions providing for the issuance of any particular series of Series Preferred Stock, plus, in the case of the Series Preferred Stock, an amount equal to all dividends accrued and unpaid on shares of each series of Series Preferred Stock, if any, before any of the assets of the Corporation shall be distributed or paid over to the holders of Common Stock. After payments in full of said amount to the holders of Preferred Stock and Series Preferred Stock, in accordance with sections B and C of this Article Fourth, the remaining assets of the Corporation shall be divided among and paid ratably to the holders of Class A Common Stock and Class B Common Stock, as if such classes constituted a single class.

(b) For any and all purposes of this Certificate of Incorporation, neither the merger or consolidation of the Corporation into or with any other corporation nor the merger or consolidation of any other corporation into or with the Corporation, nor a sale, transfer or lease of all or substantially all of the assets of the Corporation, nor any other transaction or series of transactions having the effect of a reorganization shall be deemed to be a liquidation, dissolution or winding-up of the Corporation.

6. Restrictions on Transfer of Class B Common Stock

(a) Without the written consent of the holders of two-thirds of the outstanding shares of Class B Common Stock, no person holding shares of Class B Common Stock (hereinafter called a "Class B Holder") may transfer, and the Corporation shall not register the transfer of, such shares of Class B Common Stock or any interest therein, whether by sale, assignment, gift, bequest, appointment or otherwise, except to a "Permitted Transferee". The term "Permitted Transferee" shall mean, with respect to each person from time to time shown as the record holder of shares of Class B Common Stock, as follows:

(i) In the case of a Class B Holder who is a natural person and the holder of record and beneficial ownership of shares subject to a proposed transfer, a "Permitted Transferee" means:

(A) The spouse of such Class B Holder, any lineal descendant of a grandparent of such Class B Holder, and any spouse of such lineal descendant (hereinafter collectively referred to as the "Class B Holder's Family Members);

(B) The trustee of a trust (including a voting trust) solely for the benefit of such Class B Holder and/or any of such Class B Holder's Family Members, provid ed that such trust may also grant a general or special power of appointment to one or more of such Class B Holder's Family Members and may permit trust assets to be used to pay taxes, legacies and other obligations of the trust or of the estates of one or more of such Class B Holder's Family Members payable by reason of the death of any of such Family Members;

(C) A corporation of which all of the beneficial ownership of outstanding capital stock entitled to vote for the election of directors are owned by, or a partnership of which all of the partnership interests entitled to participate in the management of the partnership are held by, the Class B Holder or his or her Permitted Transferees determined under this subsection (i), provided that if by reason of any change in the ownership of such stock or partnership interests, such corporation or partnership would no longer qualify as a Permitted Transferee, all shares of Class B Common Stock then held by such corporation or partnership shall, without further act on anyone's part, be converted into shares of Class A Common Stock, and stock certificates formerly representing such shares of Class B Common Stock shall thereupon and thereafter be deemed to represent the like number of shares of Class A Common Stock;

(D) An organization established by the Class B Holder or such Class B Holder's Family Members, contributions to which are deductible for federal income, estate, or gift tax purposes; or

(E) The executor, administrator or personal representative of the estate of such Class B Holder or the guardian or conservator of such Class B Holder adjudged disabled by a court of competent jurisdiction, acting in his own capacity as such.

(ii) Any other Class B Holder.

(iii) In the case of a Class B Holder holding the shares subject to a proposed transfer as trustee pursuant to a trust, "Permitted Transferee" means (A) the person who established such trust and (B) any Permitted Transferee of any such transferor determined pursuant to subsection (i) above.

(iv) In the case of a Class B Holder which is a corporation or partnership, holding record and beneficial ownership of shares of Class B Common Stock in question, "Permitted Transferee" means (A) any person that transferred to such corporation or partnership the shares that are the subject of the proposed transfer and (B) any Permitted Transferee of any such person determined under subsection (i) above.

(v) In the case of a Class B Holder who is the executor, administrator or personal representative of the estate of a deceased Class B Holder, guardian or conservator of the estate of a disabled Class B Holder or who is a trustee of the estate of a bankrupt or insolvent Class B Holder, and provided such deceased, disabled, bankrupt or insolvent Class B Holder, as the case may be, was the record and beneficial owner of the shares subject to a proposed transfer, "Permitted Transferee" means a Permitted Transferee of such deceased, disabled, bankrupt or insolvent Class B Holder.

(vi) Any employee benefit plan for the benefit of employees of the Corporation or any of its subsidiaries.

(vii) In the case of a Class B Holder which is an employee benefit plan described in subsection.

(vi) "Permitted Transferee" shall include any beneficiary of such plan to whom shares of stock of the Corporation may be distributed, but only as to shares so distributable.

(b) Notwithstanding anything to the contrary set forth herein, any Class B Holder may pledge such Holder's shares of Class B Common Stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee, provided that such shares may not be transferred to or registered in the name of the pledgee and shall remain subject to the provisions of this section A.6. In the event of foreclosure or other similar action by the pledgee, such pledged shares of Class B Common Stock may only be transferred to a Permitted Transferee of the pledgor or converted into shares of Class A Common Stock, as the pledgee may elect.

(c) For purposes of this section A.6:

(i) The relationship of any person that is derived by or through legal adoption shall be considered a natural one.

(ii) Each joint owner of shares of Class B Common Stock shall be considered a Class B Holder of such shares.

(iii) A minor for whom shares of Class B Common Stock are held pursuant to a Uniform Gifts to Minors Act or similar law shall be considered a Class B Holder of such shares.

(iv) Unless otherwise specified, the term "person" means both natural person and legal entities.

(d) Any transfer of shares of Class B Common Stock not permitted hereunder shall result in the automatic conversion of such shares of Class B Common Stock into an equal number of shares of Class A Common Stock without any further act, effective as of the date on which the certificate or certificates representing such shares are presented for transfer on the books of the Corporation. The Corporation may, in connection with preparing a list of stockholders entitled to vote at any meeting of stockholders, or as a condition to the transfer or the registration of shares of Class B Common Stock on the Corporation's books, require the furnishing of such affidavits or other proof as it deems necessary to establish that any person is the record and beneficial owner of shares of Class B Common Stock or is a Permitted Transferee.

(e) Shares of Class B Common Stock shall be registered in the names of the beneficial owners thereof and not in "street" or nominee name. For this purpose, a "beneficial owner" of any shares of Class 8 Common Stock shall mean a person who, or any entity which, possesses the power, either singly or jointly, to direct the voting or the disposition of shares of Class B Common Stock in question. The Corporation shall note on the certificates representing the shares of Class B Common Stock that there are restrictions on transfer and registration of transfer imposed by this section A.6.

(f) The Board of Directors may, from time to time, establish practices and procedures and promulgate rules and regulations, in addition to those set forth in this Article Fourth, and amend or revoke any of such practices, procedures, rules and regulations, regarding the evidence necessary to establish entitlement of any transferee or purported transferee of Class B Common Stock to vote or to be registered as such.

B. <u>Series Preferred Stock.</u>

The Board of Directors is hereby authorized to provide by resolution, from time to time, for the issuance of shares of Series Preferred Stock in one or more series not exceeding the aggregate number of shares of Series Preferred Stock authorized by this Certificate of Incorporation, as amended. With respect to the Series Preferred Stock, the Board of Directors shall determine with respect to each such series the voting powers, if any (which voting powers if granted may be full or limited), designations, preferences and relative, participating, optional and other special rights, and the qualifications, limitations or restrictions appertaining thereto, including without limiting the generality of the foregoing, the voting rights appertaining to shares of any series (which may be applicable generally or only upon the happening and continuance of stated events or conditions), the rate of any dividend to which holders of any series may be entitled (which may be cumulative or non-cumulative), the rights of holders of any series in the event of liquidation, dissolution or winding up of the affairs of the Corporation, and the rights (if any) of holders of any series to convert or exchange shares of such series for shares of any other class of capital stock (including the determination of the price or prices or the rate or rates applicable to such rights to convert or exchange and the adjustment thereof, and the time or times during which the right to convert or exchange shall be applicable); provided, however, that the Corporation shall not issue any shares of Series Preferred Stock carrying in excess of one vote per share or Series Preferred Stock convertible into Class B Common Stock without the prior approval of a majority in interest of the holders of the Class B Common Stock voting separately as a class. Nothing contained in this section B shall prevent the Board of Directors of the Corporation from authorizing, in its discretion, series of Series Preferred Stock having rights or preferences respecting dividends or upon liquidation, dissolution or winding up of the Corporation superior, equal or subordinate to any such rights of the Preferred Stock granted by this Certificate of Incorporation or the laws of the State of Delaware; provided, however, that in the event that shares of Series Preferred Stock are issued having rights or preferences respecting dividends or upon liquidation of the Corporation superior to any such rights of the Preferred Stock, the Corporation shall redesignate the Preferred Stock by adding to the title thereof the word "Junior", "Subordinated" or a word or words of similar import.

Before the Corporation shall issue any shares of Series Preferred Stock of any series, a certificate setting forth a copy of the resolution or resolutions of the Board of Directors, fixing the voting, powers, designations, preferences, the relative, participating, optional or other rights, if any, and the qualifications, limitations and restrictions, if any, appertaining to the shares of Series Preferred Stock of such series, and the number of shares of such series authorized by the Board of Directors to be issued shall be made under seal of the Corporation and signed by the President or Vice President and by the Secretary or an Assistant Secretary of the Corporation and acknowledged by such President or Vice President as provided by the laws of the State of Delaware and shall be filed and a copy thereof recorded in the manner prescribed by the laws of the State of Delaware.

C. Preferred Stock.

The Corporation shall be authorized to issue 50,000 shares of Preferred Stock, par value $50 per share. The Preferred Stock shall not be entitled to receive any dividends.

In the event of any liquidation, dissolution or winding up (whether voluntary or involuntary) of the Corporation, holders of Preferred Stock shall be entitled to be paid S50 per share from the assets of the Corporation available for distribution (after any prior claims of holders of any Series Preferred Stock shall have been satisfied) before any amount shall be payable to holders of Common Stock.

The Corporation shall have the right until January 1, 1993 to redeem the Preferred Stock, or any number of shares thereof, issued and outstanding, at any time by paying to the holders thereof the sum of $50 per share. The Board of Directors of the Corporation shall have the full power and discretion to select from the outstanding Preferred Stock particular shares for redemption. In all instances, the Board of Directors shall have complete authority to determine and take all necessary action to effect the cancellation of the certificates representing such shares. Upon completion of such actions, the rights of holders of shares of Preferred Stock which have been redeemed shall in all respects cease, provided that such holders shall be entitled to receive the redemption price for such shares. Notice of redemption shall be mailed by the Secretary of the Corporation to holders of record of the stock to be redeemed, at their addresses as they shall appear on the records of the Corporation. The Board of Directors shall have the power to the extent permitted by law to determine the source of the funds to be used for redeeming such stock.

Except as required by the laws of the State of Delaware, the holders of Preferred Stock shall not be entitled to vote at any meeting of the stockholders for the election of directors or for any other purpose or otherwise to participate in any action taken by the Corporation or the stockholders thereof, or to receive notice of any meeting of stockholders.

FIFTH: A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, or (iv) for any transaction from which the director derived any improper personal benefit. If the Delaware General Corporation Law is amended after approval by the stockholders of this Article Fifth to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Any repeal or modification of the foregoing paragraph by the stockholders of the Corporation shall be prospective only and shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification.

SIXTH: (a) Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director or officer of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director or officer or in any other capacity while serving as a director or officer shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than such law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director or officer and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that, except as provided in paragraph (b) hereof with respect to proceedings to enforce rights to indemnification, the Corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the Corporation. The right to indemnification conferred in this section shall be contract right and shall include the right to be paid by the Corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including without limitation, service to an employee benefit plan) shall be made only upon delivery to the Corporation of (i) an undertaking, by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee is not entitled to be indemnified for such expenses under this section or otherwise (hereinafter an "undertaking) and (ii) assurances that the indemnitee can fulfill such undertaking, in form and substance satisfactory to the Board of Directors by a majority vote of a quorum consisting of directors who are not party to the proceeding; provided, however, that in the event all of the directors are party to the proceeding, no such assurances shall be required.

(b) If a claim under section (a) of this Article Sixth is not paid in full by the Corporation within sixty days after a written claim has been received by the Corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that the indemnitee has not met the applicable standard of conduct set forth in the Delaware General Corporation Law. In any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the Corporation shall be entitled to recover such expenses upon a final adjudication that the indemnitee has not met the applicable standard of conduct set forth in the Delaware General Corporation Law. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified or to such advancement of expenses under this section or otherwise shall be on the Corporation.

(c) The rights to indemnification and to the advancement of expenses conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, this Certificate of Incorporation, By-law, agreement, vote of stockholders or disinterested directors or otherwise.

(d) The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the Delaware General Corporation Law.

(e) The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and/or to the advancement of expenses, to any person who was or is an employee or agent of the Corporation or was or is serving at the request of the Corporation as an employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, to the fullest extent of the provisions of this Article Sixth and applicable law with respect to the indemnification and advancement of expenses.

SEVENTH: The following provisions are inserted for the regulation and conduct of the affairs of the Corporation, and it is expressly provided that they are intended to be in furtherance and not in limitation or exclusion of the powers elsewhere contained herein or in the By-laws or conferred by law:

(a) The election of directors of the Corporation need not be by ballot unless the By-laws so require.

(b) The Board of Directors of the Corporation has the power to adopt, amend or repeal the By-laws of the Corporation.

(c) Except as otherwise required by law, at any annual or special meeting of stockholders only such business shall be conducted as shall have been properly brought before the meeting in accordance with the provisions of this Certificate of Incorporation and the By-laws of the Corporation. In order to be properly brought before the meeting, such business must have either been (i) specified in the written notice of the meeting (or any supplement thereto) given to stockholders of record on the record date for such meeting by or at the direction of the Board of Directors, (ii) brought before the meeting at the direction of the Board of Directors or the Chairman of the meeting, or (iii) specified in a written notice given by or on behalf of a stockholder of record on the record date for such meeting entitled to vote thereat or a duly authorized proxy for such stockholder, in accordance with all of the following requirements. A notice referred to in clause (iii) of this section must be delivered personally to, or mailed to and received at, the principal executive office of the Corporation, addressed to the attention of the Secretary, in the case of business to be brought before a special meeting of stockholders, not more than ten (10) days after the date of the initial notice referred to in clause (i) of this section, and, in the case of business to be brought before an annual meeting of stockholders, not less than ten (10) days prior to the first anniversary date of the initial notice referred to in clause (i) of this section of the previous year's annual meeting; provided, however, that such notice shall not be required to be given more than 75 days prior to the annual meeting of stockholders. Such notice referred to in clause (iii) of this section shall set forth (A) a full description of each such item of business proposed to be brought before the meeting, (B) the name of the person proposing to bring such business before the meeting and the class and number of shares held of record and beneficially by such person as of the record date for the meeting (if such date has then been made publicly available) and as of the date of such notice, (C) if any item of such business involves a nomination for director, all information regarding each such nominee that would be required to be set forth in a definitive proxy statement filed with the Securities and Exchange Commission (the "SEC") pursuant to Section 14 of the Securities and Exchange Act of 1934, as amended (the "Exchange Act"), or any successor thereto, and the written consent of each such nominee to serve, if elected, and (D) all other information that would be required to be filed with the SEC if, with respect to the business proposed to be brought before the meeting, the person proposing such business were a participant in a solicitation subject to Section 14 of the Exchange Act or any successor thereto. No business shall be brought before any annual or special meeting of stockholders otherwise than as provided in this section (c) of Article Seventh.

(d) Special meetings of stockholders may be called only at the direction of the Board of Directors by resolution adopted by the affirmative vote of a majority of the entire Board of Directors, by the President of the Corporation or by the holders of not less than 25% of all the shares entitled to vote at the meeting.

(e) At every meeting of stockholders, the President or, in the absence of the President, the Executive Vice President or Vice President selected by the President, shall act as Chairman of the meeting. The Chairman of the meeting shall have the sole authority to prescribe the agenda and rules of order for the conduct of each meeting of stockholders and to determine all questions arising thereat relating to the order of business and the conduct of the meeting, except as otherwise required by law.

EIGHTH: To the fullest extent now or hereafter permitted by law, the Corporation reserves the right to amend, alter, change, supplement or repeal any provision of this Certificate of Incorporation, as from time to time amended, altered, changed, supplemented or repealed, and all rights of stockholders, directors and officers are subject to this express reservation.

7. The restated certificate was authorized and adopted by the Board of Directors in accordance with Section 245(B) of the General Corporation Law of the State of Delaware.

IN WITNESS WHEREOF, we have hereunto signed our names and affirm that the statements made herein are true under the penalties of perjury, this 6th day of April, 2000.

AUDIOVOX CORPORATION

By:s/ John J. Shalam

John J. Shalam, President

By:s/ Chris Lis Johnson

Chris Lis Johnson, Secretary

SUBSIDIARIES OF REGISTRANT

Subsidiaries	Jurisdiction of Incorporation
Audiovox Communications Corp.	Delaware
Audiovox Electronics Corporation	Delaware
Quintex Mobile Communications Corp.	Delaware
American Radio Corp.	Georgia
Audiovox Holding Corp.	New York
Audiovox Canada Limited	Ontario
Audiovox Communications (Malaysia) Sdn. Bhd.	Malaysia
Audiovox Holdings (M) Sdn. Bhd.	Malaysia
Audiovox Venezuela C.A.	Venezuela

Exhibit 21

Independent Auditors' Consent

The Board of Directors
Audiovox Corporation:

We consent to incorporation by reference in the registration statements (No. 33-18119 and 33-65580) on Form S-8 and (No. 333-00811) on Form S-3 of Audiovox Corporation and subsidiaries of our report dated January 16, 2001, relating to the consolidated balance sheets of Audiovox Corporation and subsidiaries as of November 30, 1999 and 2000, and the related consolidated statements of income, stockholders' equity and cash flows for each of the years in the three-year period ended November 30, 2000, and the related schedule, which report appears in the November 30, 2000 annual report on Form 10-K of Audiovox Corporation and subsidiaries.

s/KPMG LLP

KPMG LLP

Melville, New York
February 28, 2001