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

FORM 10-K/A

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

For the fiscal year ended November 30, 1996
Commission file number 1-9532

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 (516) 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	American Stock Exchange

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.
(X)

The aggregate market value of the voting stock held by non-affiliates of the registrant was $90,356,035 (based upon closing price on the American Stock Exchange, Inc. on February 20, 1997).

The number of shares outstanding of each of the registrant's classes of common stock, as of February 20, 1997 was:

Class	Outstanding
Class A Common Stock $.01 par value	16,901,339
Class B Common Stock $.01 par value	2,260,954

PART I

Item 1 - Business

General

Audiovox Corporation, together with its operating subsidiaries (collectively, the "Company"), markets and supplies, under its own name or trade names, a diverse line of aftermarket products which include cellular telephones, both hand held portables and vehicle installed, cellular telephone accessories, automotive sound equipment and automotive accessories, both of which are designed primarily for installation in cars, trucks and vans after they have left the factory and consumer electronic products.

The Company's products are sold through a worldwide distribution network covering the United States, Canada and overseas. Sales are made directly and through independent distributors to cellular telephone accounts, cellular service providers, regional Bell Operating Companies ("BOCs"), new car dealers, mass merchandisers, catalogue showrooms, original equipment manufacturers ("OEMs"), military Army and Air Force Exchange Systems ("AAFES"), autosound specialists and retailers. The Company sells to consumers from Company-owned retail sales and service locations which generally operate under the name "Quintex", which also receive activation commissions and residuals from certain cellular service providers.

The Company's products may be broadly grouped into three major categories: cellular, which includes telephone products, activation commissions and residual fees, automotive sound equipment and automotive accessories. These categories represent different product lines rather than separate reporting segments.

The Company was incorporated in Delaware on April 10, 1987, as successor to the business of Audiovox Corp., a New York corporation founded in 1960 (the "predecessor company") by John J. Shalam, the Company's President, Chief Executive Officer and controlling stockholder. Unless the context otherwise requires, or as otherwise indicated, references herein to the "Company" include the Company, its wholly-owned and majority-owned operating subsidiaries.

Trademarks

The Company markets products under several trademarks, including Audiovox , Custom SPS , Prestige , Pursuit , Minivox , Minivox Lite , The Protector and Rampage . The Company believes that these trademarks are recognized by customers and are therefore significant in marketing its products. Trademarks are registered for a period of ten years and such registration is renewable for subsequent ten-year periods.

Distribution and Marketing

Cellular and Non-Cellular Wholesale

The Company markets products on a wholesale basis to a variety of customers through its direct sales force and independent sales representatives. During the fiscal year ended November 30, 1996, the Company sold its products to approximately 2,500 wholesale accounts, including the BOCs, other cellular carriers and their respective agents, mass merchandise chain stores, specialty installers, distributors and car dealers, OEMs and AAFES.

The Company's five largest wholesale customers (excluding joint ventures), who, in the aggregate, accounted for 29.4% of the Company's net sales for the fiscal year ended November 30, 1996, are Bell Atlantic Mobile Systems, Airtouch Cellular, US Cellular, Proton Corporation Sdn. Bhd. (Proton) and Nynex Mobile Communications Company. Proton is an automobile manufacturer in Malaysia. The other four are cellular carriers. None of these customers individually accounted for more than 12.4% of the Company's net sales for such period. In addition, the Company also sells its non-cellular products to mass merchants such as

Walmart Stores, Inc., warehouse clubs including Price/Costco, Inc. and OEMs such as Chrysler of Canada, Navistar International Corporation, General Motors Corporation and BMW of North America.

The Company uses several techniques to promote its products to wholesale customers, including trade and customer advertising, attendance at trade shows and direct personal contact by Company sales representatives. In addition, the Company typically assists cellular carriers in the conduct of their marketing campaigns (including the scripting of telemarketing presentations), conducts cooperative advertising campaigns, develops and prints custom sales literature and conducts in-house training programs for cellular carriers and their agents.

The Company believes that the use of such techniques, along with the provision of warranty services and other support programs, enhances its strategy of providing value-added marketing and, thus, permits the Company to increase Audiovox brand awareness among wholesale customers while, at the same time, promoting sales of the Company's products through to end users.

The Company's wholesale policy is to ship its products within 24 hours of a requested shipment date from public warehouses in Norfolk, Virginia, Sparks, Nevada and Canada and from leased facilities located in Hauppauge, New York and Los Angeles, California.

Retail

As of November 30, 1996, the Company operated approximately 29 retail outlets and licensed its trade name to 11 additional retail outlets in selected markets in the United States through which it markets cellular telephones and related products to retail customers under the names Audiovox , American Radio , Quintex and H & H Eastern Distributors ("H&H"). In addition to Audiovox products, these outlets sell competitive products such as Motorola and Nokia.

The Company's retail outlets typically generate revenue from three sources: (i) sale of cellular telephones and related products, (ii) activation commissions paid to the Company by cellular telephone carriers when a customer initially subscribes for cellular service and (iii) monthly residual fees. The amount of the activation commissions paid by a cellular telephone carrier is based upon various service plans and promotional marketing programs offered by the particular cellular telephone carrier. The monthly residual payment is based upon a percentage of the customer's usage and is calculated based on the amount of the cellular phone billings generated by the base of the customers activated by the Company on a particular cellular carrier's system. Under the Company's 11 licensee relationships, the licensee receives the majority of the activation commissions, and the Company retains the majority of the residual fees. The Company's agreements with cellular carriers provide for a reduction in, or elimination of, activation commissions in certain circumstances if a cellular subscriber activated by the Company deactivates service within a specified period. The Company records an allowance to provide for the estimated liability for return of activation commissions associated with such deactivations. See Note 1(l) of Notes to Consolidated Financial Statements. As a practical matter, the profitability of the Company's retail operations is dependent on the Company maintaining agency agreements with cellular carriers under which it receives activation commissions and residual fees.

The Company's relationships with the cellular carriers are governed by contracts that, in the aggregate, are material to the continued generation of revenue and profit for the Company. Pursuant to applicable contracts with cellular carriers, each of the Company's retail outlets functions as a non-exclusive agent engaged to solicit and sell cellular telephone service in certain geographic areas and, while such contract is in effect and for a specified period thereafter (which typically ranges from three months to one year), may not act as a representative or agent for any other carrier or reseller in those areas or solicit cellular or wireless communication network services of the kind provided by the cellular carrier in the areas where the Company acts as an agent. The Company's retail operation is free, at any time after the restricted period, to pursue an agreement with another carrier who services a particular geographic area. At present, each geographic area is serviced by two cellular carriers.

As of November 30, 1996, the Company had agency contracts with the following carriers in selected areas: Bell Atlantic/NYNEX Mobile Systems, Inc., BellSouth Mobility, Inc., GTE Mobilnet of the Southeast, Inc., and Richmond Cellular Telephone Company d/b/a Cellular One. Dependant upon the terms of the specific carrier contracts, which typically range in duration from one year to five years, the Company's retail operation may receive a one-time activation commission and periodic residual fees. These carrier contracts provide the carrier with the right to unilaterally restructure or revise activation commissions and residual fees payable to the Company, and certain carriers have exercised such right from time-to-time. Dependent upon the terms of the specific carrier contract, either party may terminate the agreement, with cause, upon prior notice.

Typically, the Company's right to be paid residual fees ceases upon termination of an agency contract.

Equity Investments

The Company has from time-to-time, at both the wholesale and retail levels, established joint ventures to market its products to a specific market segment or geographic area. In entering into a joint venture, the Company seeks to join forces with an established distributor with an existing customer base and knowledge of the Company's products. The Company seeks to blend its financial and product resources with these local operations to expand their collective distribution and marketing capabilities. The Company believes that such 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.

As of November 30, 1996, the Company had a 31.6% ownership interest in TALK Corporation (TALK) which holds world-wide distribution rights for product manufactured by Shintom Co., Ltd. (Shintom). These products include cellular telephones, video recorders and players and automotive sound products. TALK has granted Audiovox exclusive distribution rights on all wireless personal communication products for all countries except Japan, China, Thailand, and several mid-eastern countries. Additionally, the Company had a 50% non-controlling ownership in five other companies: Protector Corporation (Protector) which acts as a distributor of chemical protection treatments, Audiovox Specialty Markets Co., L.P. (ASMC), which acts as a distributor of televisions and other automotive sound, security and accessory products to specialized markets for RV's and van conversions, Audiovox Pacific Pty., Limited (Audiovox Pacific) which distributes cellular telephones and automotive sound and security products in Australia and New Zealand, G.L.M. Wireless Communications, Inc. (G.L.M.) which is in the cellular telephone, pager and communications business and Quintex Communications West, LLC, which is in the cellular telephone and communications business. The Company's 80%-owned subsidiary, Audiovox Holdings (Malaysia) Sdn. Bhd. (Audiovox Holdings), had a 30% ownership interest in Avx Posse (Malaysia) Sdn. Bhd. (Posse) which monitors car security commands through a satellite based system in Malaysia.

Customers

The Company had one customer, Bell Atlantic, that accounted for 12.4% of the Company's net sales for fiscal 1996.

Suppliers

The Company purchases its cellular and non-cellular products from manufacturers located in several Pacific Rim countries, including Japan, China, Korea, Taiwan and Singapore, Europe and in the United States. In selecting its vendors, the Company considers quality, price, service, market conditions and reputation. The Company maintains buying offices or inspection offices in Taiwan, Korea and China to provide local supervision of supplier performance with regard to, among other things, price negotiation, delivery and quality control. The majority of the products sourced through these foreign buying offices are non-cellular.

Since 1984, the principal supplier of the Company's wholesale cellular telephones has been Toshiba Corporation ("Toshiba"), accounting for approximately 28%, 44% and 45% of the total dollar amount of all product purchases by the Company, during the fiscal years ended November 30, 1996, 1995 and 1994, respectively. In 1994, Toshiba competed directly with the Company in the United States by marketing cellular telephone products through Toshiba's United States distribution subsidiary. As of November 30, 1995, Toshiba announced it will no longer distribute cellular telephone products through its subsidiary in the United States. Toshiba continues to sell products to the Company as an original equipment customer. In order to expand its supply channels and diversify its cellular product line, the Company now sources cellular equipment from other manufacturers including, Hagenuk Telecom Gmbh. ("Hagenuk"), Dancall Telecom A/S ("Dancall") and TALK. Purchases from TALK accounted for approximately 26%, 20% and 7% of total inventory purchases for the years ended November 30, 1996, 1995 and 1994, respectively. Purchases of non-cellular products are made primarily from other overseas suppliers including Hyundai Electronics Inc. ("Hyundai"), Namsung Corporation ("Namsung") and Nutek Corporation ("Nutek"). There are no agreements in effect that require manufacturers to supply product to the Company. The Company considers its relations with its suppliers to be good. In addition, the Company believes that alternative sources of supply are currently available.

Competition

The Company's wholesale business is highly competitive in all its product lines, each competing with a number of well-established companies that manufacture and sell products similar to those of the Company. Specifically, the cellular market place is driven by current selling prices, which also affects the carrying value of inventory on hand. Additionally, the Custom

SPS line competes against factory-supplied radios. Service and price are the major competitive factors in all product lines. The Company believes that it is a leading supplier to the cellular market primarily as a result of the performance of its products and the service provided by its distribution network. The Company's retail business is also highly competitive on a product basis. In addition, since the Company acts as an agent for cellular service providers, these cellular service providers must also compete in their own markets which are also highly competitive. The Company's retail performance is, therefore, also based on the carriers' ability to compete.

Employees

At November 30, 1996, the Company employed approximately 934 people.

Executive Officers of the Registrant

The executive officers of the registrant 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	63	President and Chief Executive Officer and Director
Philip Christopher	48	Executive Vice President and Director
Charles M. Stoehr	50	Senior Vice President, Chief Financial Officer and Director
Patrick M. Lavelle	45	Senior Vice President and Director
Chris L. Johnson	45	Vice President, Secretary
Ann M. Boutcher	46	Vice President and Director
Richard Maddia	38	Vice President and Director

John J. Shalam has served as President and Chief Executive Officer and as a director of the Company since 1960. Mr. Shalam also serves as president and is a director of most of the Company's operating subsidiaries.

Philip Christopher, Executive Vice President of the Company, has been with the Company since 1970 and has held his current position since 1983. Prior thereto, he was Senior Vice President of the Company. Mr. Christopher also has been a director of the Company since 1973 and, in addition, serves as an officer and a director of most of the Company's operating subsidiaries.

Charles M. Stoehr has been Chief Financial Officer of the Company since 1979 and was elected Senior Vice President in 1990. Mr. Stoehr has been a director of the Company since 1987. From 1979 through 1990, Mr. Stoehr was a Vice President of the Company.

Patrick M. Lavelle has been a Vice President of the Company since 1982. In 1991, Mr. Lavelle was elected Senior Vice President, with responsibility for marketing and selling the Company's automotive accessory and automotive sound line of products. Mr. Lavelle was elected to the Board of Directors in 1993.

Chris L. Johnson has been a Vice President of the Company since 1986 and Secretary since 1980. Ms. Johnson has been employed by the Company in various positions since 1968 and was a director of the Company from 1987 to 1993.

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

Richard Maddia has been a Vice President of the Company since 1991. Mr. Maddia is responsible for the Company's Management Information Systems for both the Company's distribution network and financial reporting. Mr. Maddia was elected to the Board of Directors in 1996.

Item 2 - Properties

As of November 30, 1996, the Company leased a total of forty-three operating facilities located in thirteen states and two Canadian provinces. These facilities serve as offices, warehouses, distribution centers or retail locations. Additionally, the Company utilizes approximately 117,000 square feet of public warehouse facilities. Management believes that it has sufficient, suitable operating facilities to meet the Company's requirements.

Item 3 - Legal Proceedings

On February 10, 1997, the Company and the other defendants in the case entitled Robert Verb, et al. v. Motorola, Inc., Audiovox Corporation, et al. filed their answer to Plaintiff's Petition for Leave to Appeal. The Company believes that the likelihood of the Court granting Plaintiff's motion is low. In addition, the Company believes that its insurance coverage and rights of recovery against manufacturers of its portable hand-held cellular telephones relating to this case are sufficient to cover any reasonably anticipated damages. The Company also believes that there are meritorious defenses to the claims made in this case.

On March 15, 1996 and April 4, 1996, Audiovox was served with a complaint and an amended complaint, respectively, in an action entitled Electronics Communications Corp. ("ECC") v. Toshiba America Consumer Products, Inc. and Audiovox Corporation in which plaintiff seeks injunctive relief and damages against Toshiba and Audiovox. The damages against both defendants could be an amount in excess of $16,000 arising out of alleged anti-trust violations, tortious interference with contract and tortious interference with prospective economic advantage or business relations and monopoly, all arising out of the termination of ECC's alleged distributorship arrangement with Toshiba. Audiovox's motion to dismiss the complaint for failure to state a federal cause of action and for lack of subject matter jurisdiction was granted on August 12, 1996. Plaintiff has filed a Notice of Appeal with the Second Circuit Court of Appeals.

In addition, the Company is currently, and has in the past been, a party to other routine litigation incidental to its business. 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

A special meeting of the stockholders of Audiovox Corporation (the "Company") was held on November 25, 1996 at the Company's offices, 150 Marcus Boulevard, Hauppauge, New York.

The matter presented to the meeting concerned the approval of the issuance of up to 10,725,000 shares of Class A Common Stock of the Company in exchange for its 6 1/4% Convertible Subordinated Debentures due 2001. The Class A vote was as follows: 4,340,254 for the proposal, 44,025 against and 22,365 abstentions. All of the Class B stockholders, representing 22,609,540 votes, voted in favor of the proposal.

Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations
(In thousands, except share and per share data)

The Company's operations are conducted in a single business segment encompassing three principal product lines: cellular, automotive sound equipment and automotive security and accessory equipment.

The Company's wholesale cellular operations generate revenue from the sale of cellular telephones and accessories. The Company's retail outlets typically generate revenue from three sources: (i) the sale of cellular telephones and related products, (ii) activation commissions paid to the Company by cellular telephone carriers when a customer initially subscribes for cellular service and (iii) monthly residual fees. The price at which the Company's retail outlets sell cellular telephones is often affected by the amount of the activation commission the Company will receive in connection with such sale. The amount of the activation commission paid by a cellular telephone carrier is based upon various service plans and promotional marketing programs offered by the particular cellular telephone carrier. The monthly residual payment is based upon a percentage of the customer's usage and is calculated based on the amount of the cellular phone billings generated by the base of customers activated by the Company on a particular cellular carrier's system.

The Company's automotive sound product line includes stereo cassette radios, compact disc players and changers, speakers and amplifiers. The automotive security and accessory line consists of automotive security products, such as alarm systems, and power accessories, including cruise controls and power door locks.

Certain reclassifications have been made to the data for periods prior to fiscal 1996 in order to conform to fiscal 1996 presentation. The net sales and percentage of net sales by product line for the fiscal years ended November 30, 1996, 1995 and 1994 are reflected in the following table:

	Years Ended November 30, 1996		1995		1994	
Cellular product-wholesale	$349,655	58%	$260,704	52%	$237,566	49%
Cellular product-retail	8,309	1	15,470	3	18,198	3
Activation commissions	33,102	6	38,526	8	47,788	10
Residual fees	4,828	1	4,781	1	4,005	1
Total Cellular	395,894	66	319,481	64	307,557	63
Automotive sound equipment	104,696	18	107,404	21	112,512	23
Automotive security and accessory equipment	93,625	16	73,207	15	64,040	13
Other	3,700	-	648	-	2,339	1
Total	$597,915	100%	$500,740	100%	$486,448	100%

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

	Percentage of Net Sales Year Ended November 30,		
	1996	1995	1994
Net sales:			
Net product sales	93.7%	91.4%	89.4%
Cellular telephone activation commissions	5.5	7.7	9.8
Cellular telephone residual fees	0.8	0.9	0.8
Net sales	100.0	100.0	100.0
Cost of sales	(83.9)	(85.9)	(82.5)
Gross profit	16.1	14.1	17.5
Selling expense	(6.7)	(6.9)	(6.7)
General and administrative expense	(5.4)	(7.2)	(6.7)
Warehousing, assembly and repair expense	(1.8)	(2.0)	(1.9)
Total operating expenses	(13.9)	(16.1)	(15.3)
Operating income (loss)	2.2	(2.0)	2.2
Interest expense	(1.4)	(1.9)	(1.3)
Income of equity investments	0.1	0.6	0.8
Management fees	-	-	0.3
Gain on sale of equity investment	0.2	1.7	5.7
Gain on public offering equity investment	-	-	2.2
Debt conversion expense	(4.4)	-	-
Expenses related to issuance of warrants	-	(0.6)	-
Other expenses, net	(0.1)	(0.2)	(0.3)
Income tax (expense) recovery	(1.0)	0.6	(4.2)
Net income (loss)	(4.4)	(1.8)	5.4

Results of Operations

Fiscal 1996 Compared to Fiscal 1995

Net sales increased by approximately $97,175, or 19.4% for fiscal 1996, compared to fiscal 1995. This result was primarily attributable to increases in net sales from the cellular division of approximately $76,413, or 23.9%, automotive security and accessory equipment of approximately $20,418, or 27.9% and other products, primarily home stereo systems of $3,052. These increases were partially offset by a decrease in automotive sound equipment of approximately $2,708, or 2.5%.

The improvement in net sales of cellular telephone products was primarily attributable to an increase in unit sales. Net sales of cellular products increased by approximately 857,000 units, or 70.9%, compared to fiscal 1995, primarily resulting from an increase in sales of hand-held portable cellular telephones and transportable cellular telephones, partially offset by a decline in sales of installed mobile cellular telephones. The average unit selling price declined approximately 23.7% vs. 1995 as production efficiencies and market competition continues to reduce unit selling prices. The Company believes that the shift from installed mobile cellular telephones to hand-held and transportable cellular telephones is reflective of a desire by consumers for increased flexibility in their use of cellular telephones. Toward that end, the Company markets an accessory package that permits its Minivox and Minivox Lite hand-held cellular telephones to be used in an automobile on a hands-free basis and to draw power from the automobile's electrical system like an installed mobile cellular telephone.

Activation commissions decreased by approximately $5,424, or 14.1%, for fiscal 1996 compared to fiscal 1995. This decrease was primarily attributable to fewer new cellular subscriber activations and partially due to fewer retail outlets operated by the Company. The number of activation commissions decreased 21.4% compared to fiscal 1995. This decrease in commission revenue was offset by a 9.3% increase in average activation commissions paid to the Company. Residual revenues on customer usage increased by approximately $47, or 1.0%, for fiscal 1996, compared to fiscal 1995, due primarily to the addition of new subscribers to the Company's cumulative subscriber base, despite a decrease in current year activations. A majority of the residual income resides with the remaining operating retail locations.

Net sales of automotive sound equipment decreased by approximately $2,708, or 2.5%, for fiscal 1996, compared to fiscal 1995. This decrease was attributable primarily to a decrease in sales of products sold to mass merchandise chains and auto sound sales to new car dealers. This decrease was partially offset by increases in sales of sound products to private label customers. Net sales of automotive security and accessory products increased approximately $20,418, or 27.9%, for fiscal 1996, compared to fiscal 1995, principally due to increases in sales of vehicle security products, Protector Hardgoods and cruise controls. This increase was partially offset by a reduction in net sales of AA security products.

Gross margins increased to 16.1% in fiscal 1996 from 14.1% in fiscal 1995. The 1995 gross margin included a $9,300 charge for inventory written down to market at August 31, 1995. Cellular gross margins were 13.2% compared to 9.8% in 1995. Despite a 23.7% decrease in average unit selling prices, the average gross margin per unit increased 25.3%. The number of new subscriber activations decreased 21.4% but was partially offset by a 9.3% increase in average activation commissions earned by the Company. Residuals increased 1.0% over last year. The Company believes that the cellular market will continue to be a highly-competitive and price-sensitive environment. Increased price competition related to the Company's product could result in downward pressure on the Company's gross margins if the Company is unable to obtain competitively priced product from its suppliers or result in adjustments to the carrying value of the Company's inventory.

Automotive sound margins were 19.9%, up from 17.5% in 1995. Most product lines in the category experienced an increase and there was a marked increase in the gross margin on international sales. Automotive accessory margins decreased from 27.9% in 1995 to 24.5% in 1996. This decrease was primarily in the Prestige and cruise control lines.

Total operating expenses increased approximately $2,837, or 3.5%, compared to last year. As a percentage to sales, total operating expenses decreased to 13.9% during 1996 compared to 16.1% for 1995. Selling expenses increased approximately $5,544, or 16.1%, over last year. Divisional marketing and advertising increased approximately $8,256 compared to last year in addition to travel and related expenses. These increases were partially offset by decreases in salesmen's commissions, salesmen's salaries, payroll taxes and employee benefits. General and administrative expenses decreased approximately $3,708 during 1996. The decreases were in occupancy costs, telephone and overseas buying office expenses and were partially offset by increases in office salaries, travel, payroll taxes, employee benefits and professional fees. Warehousing, assembly and repair expenses increased approximately $1,001 compared to last year, predominately in warehousing expenses and direct labor.

Management fees and related income and equity in income from joint venture investments decreased by approximately $2,164 for 1996 compared to 1995 as detailed in the following table:

	1996			1995		
	Management Fees	Equity Income (Loss)	Total	Management Fees	Equity Income (Loss)	Total
CellStar	-	-	-	-	$2,151	$2,151
ASMC	-	$ 948	$ 948	-	819	819
G.L.M.	$ 100	-	100	$ 14	-	14
Pacific	22	(334)	(312)	186	21	207
TALK	-	-	-	-	(210)	(210)
Quintex West	18	-	18	-	-	-
Posse	46	17	63	-	-	-
	$ 186	$ 631	$ 817	$ 200	$2,781	$2,981

The decrease was primarily due to the Company's owning less than 20% of CellStar for the entire fiscal year and, therefore, not accounting for the investment on the equity method. During 1995, the Company owned more than 20% of CellStar until the third quarter and, therefore, accounted for CellStar under the equity method until then. Audiovox Pacific has experienced an overall decline in gross margins, as the cellular market in Australia has experienced the same competitive factors as those in the United States.

Interest expense and bank charges decreased by $1,214, or 12.5%, compared to 1995 as a result of a decrease in interest bearing debt. Other expenses decreased approximately $412 primarily due to the write-off of fixed assets in the retail group during 1995 which did not recur in 1996. Costs associated with the issuance of stock warrants for no monetary consideration to certain holders of the Company's convertible subordinated debentures also did not recur in 1996.

During the fourth quarter of 1996, the Company exchanged $41,252 of its 6 1/4% subordinated debentures for 6,806,580 shares of Class A Common Stock. This exchange resulted in a charge to earnings of approximately $26,318 before income taxes. This charge includes the loss on the exchange and the write-off of the remaining debt issuance costs associated with the original issue of the debentures.

Fiscal 1995 Compared to Fiscal 1994

Net sales increased by approximately $14,300, or 2.9%, for fiscal 1995 compared to fiscal 1994. This result was primarily attributable to increases in net sales from cellular telephone products of approximately $11,900, or 3.9%, and automotive security and accessory equipment of approximately $9,200, or 14.3%. These increases were partially offset by a decline in net sales attributable to automotive sound equipment of approximately $5,100, or 4.5%.

The improvement in net sales of cellular telephone products was primarily attributable to increased unit sales, partially offset by a decrease in activation commissions. Net sales of cellular telephones increased by approximately 382,000 units, or 46.3%, compared to fiscal 1994, primarily resulting from an increase in sales of hand-held portable cellular telephones, partially offset by a decline in sales of installed mobile and transportable cellular telephones. The average unit selling price declined approximately 23.4% vs. 1994 as production efficiencies and market competition continues to reduce unit selling prices.

Activation commissions decreased by approximately $9,300, or 19.4%, for fiscal 1995 compared to fiscal 1994. This decrease was primarily attributable to fewer new cellular subscriber activations and partially due to the net reduction of 61 retail outlets operated by the Company. The number of activation commissions decreased 15.5% over fiscal 1994. This decrease in commission revenue was further affected by a 4.7% decrease in average activation commissions paid to the Company. Residual revenues on customer usage increased by approximately $776, or 19.4%, for fiscal 1995, compared to fiscal 1994, due primarily to the addition of new subscribers to the Company's cumulative subscriber base, despite a decrease in current year activations. A majority of the residual income resides with the remaining 30 operating retail locations.

During fiscal 1994, the Company experienced dramatic growth in its Quintex type retail operations. This growth reflected the large increases in cellular telephone sales experienced in the domestic U.S.

During this period, the Company had favorable contracts with several of the major cellular carriers. To capitalize on the growth in the market during 1994, the Company embarked on an expansion program to increase its retail presence in its designated cellular markets. During fiscal 1995, beginning with the first quarter, the market place in which the Quintex retail operations conducted their business was adversely affected by several trends. These trends include a slow down in the growth of the cellular market, a desire by the cellular carriers to lower their acquisition costs with lower payments to its individual agents, increased competition by mass merchandisers and the cellular carriers direct sales force, and the overall economic conditions in the U.S. domestic market. As a result of these trends, the Company decided to reduce its retail presence by closing or disposing of all unprofitable Quintex locations throughout the U.S. The result of this plan was a reduction of outlets from 91 to 30. The cost of this closing was approximately $4,000 during fiscal 1995. Of the $4,000 charge to income, approximately $1,500 is related to inventory write-offs, $1,800 is associated with the lease buy-outs, employee severance pay, the write-off of leasehold improvements and other fixed assets and $700 of miscellaneous charges including co-op advertising, deactivation allowances, and anticipated bad debts. The impact of this Quintex reduction program and the overall erosion of the retail market was a decrease in revenue of approximately $21,000 for fiscal 1995.

This decrease was due to a decrease in revenues of cellular and non-cellular products of approximately $12,500 and a decrease in activation commission revenues of approximately $9,300, which was partially offset by an increase in residuals of $776. During the earlier part of the 1995 fiscal year, prior to the retail program, the Company continued to open and close various retail outlets. During the third quarter of 1995, the Company felt that the erosion of the retail business in certain carrier regions would not allow a return to profitability. It was then decided to close all those locations which had not attained profitability. This further accelerated the reduction of operating revenues and income in the fourth quarter of fiscal 1995. The performance of the retail locations closed during fiscal 1995, which were a part of the retail reduction program and included in the total $21,000 decrease in revenues for the entire retail group, is as follows:

	1995	1994	1993
Net sales	$18,077	$25,663	$14,496
Operating income (loss)	$(1,438)	$ 1,159	$ 1,944

The Company believes that these closures will reduce revenue, as well as operating expenses, primarily in occupancy costs, salaries and commissions, during fiscal 1996. The Company will continue to review its remaining locations and will close them if they do not remain profitable.

Net sales of automotive sound equipment decreased by approximately $5,100, or 4.5%, for fiscal 1995, compared to fiscal 1994. This decrease was attributable primarily to a decrease in sales of products sold to mass merchandise chains, coupled with decreases in auto sound sales to private label customers, new car dealers, products used in the truck and agricultural vehicle markets and several OEM accounts. Net sales of automotive security and accessory products increased approximately $9,200, or 14.3%, for fiscal 1995, compared to fiscal 1994, principally due to increases in sales of vehicle security products and Protector Hardgoods. This increase was partially offset by a reduction in net sales by the Company of recreational vehicle equipment and accessories.

Gross margins declined to 14.1% in fiscal 1995 from 17.5% for fiscal 1994 as a result of lower selling prices and the write-down of the carrying value of inventory of $9,300 during the third quarter of 1995. This reflects the overall erosion of gross margins experienced primarily in the cellular product category which resulted in the decision to mark down the carrying value of the Company's cellular inventory. Of the $9,300 inventory adjustment, $8,800 was in the cellular product category and $500 was in the automotive sound product category in wholesale operations.

Cellular gross margins were 9.8% for fiscal 1995 compared to 14.8% for fiscal 1994. As previously mentioned, the gross margins reflect an $8,800 charge for inventory write-downs. In addition, the decline in cellular margins is a result of the continuing decline of unit selling prices due to increased competition and the introduction of lower-priced units. The portable cellular telephone line accounted for the majority of this decrease. The average unit selling price declined 23.4% during the 1995 fiscal year. Likewise, gross profits on unit sales declined 26.7% for the same period. The number of new subscriber activations declined 15.5% to 126,000 for 1995 compared to 1994. Average commissions received by the Company from the cellular carriers per activation also declined 4.7% to $305 for the twelve months ended November 30, 1995 versus fiscal 1994. These decreases were partially offset by an increase of 19.4% in residual payments received by the Company compared to the same period in 1994. The Company believes that the cellular market will continue to be a highly-competitive, price-sensitive environment. Increased price competition related to the Company's product could result in downward pressure to the Company's gross margins if the Company is unable to obtain competitively-priced product from its suppliers or result in additional adjustments to the carrying value of the Company's inventory.

Automotive sound margins decreased to 17.5% from 18.7% for the fiscal year ended November 30, 1995 compared to fiscal 1994. The decrease in automotive sound margins was primarily in the AV product line, partially offset by increases in the Heavy Duty Sound product lines. Automotive accessory margins decreased to 27.9% for 1995 from 29.1% in 1994. These decreases were primarily in the AA security product line, partially offset by an increase in margins in Prestige security products and Protector Hardgoods.

Total operating expenses increased by approximately $6,100, or 8.1%, for the twelve months ended November 30, 1995 compared to fiscal 1994. A major component of this increase was the third quarter 1995 charge for the downsizing of the Company's retail operations. Excluding this charge, operating overhead increased $3,600 for fiscal 1995 compared to the same period of 1994.

Warehousing, assembly and repair expenses increased approximately $441, or 4.7 %, for 1995 compared to 1994. The increase for the twelve months was primarily in field warehousing expenses and travel. Selling expenses increased approximately $2,200, or 6.8%, compared to 1994. Advertising and other promotional marketing programs accounted for the majority of the increase in fiscal 1995. General and administrative expenses increased $3,400, or 10.5%, for 1995 compared to 1994. A provision for costs associated with the down-sizing of the retail group was the primary component of this increase. This provision included costs for the buy-out of leases, the write-off of leasehold improvements, severance pay and other charges necessary to close and consolidate the retail operations. Other increases were in professional fees, bad debt and expenses associated with the Company's overseas buying offices.

Management fees and related income and equity in income from joint venture investments decreased by approximately $12,900 for 1995, as compared to 1994, principally due to CellStar Corporation ("CellStar") as detailed in the following table:

	1995 Management Fees	1995 Equity Income (Loss)	1995 Total	1994 Management Fees	1994 Equity Income (Loss)	1994 Total
CellStar	-	$ 2,151	$ 2,151	-	$13,958	$13,958
ASMC	-	819	819	-	932	932
G.L.M.	$ 14	-	14	-	-	-
Pacific	186	21	207	$ 435	242	677
Protector	-	-	-	1,108	-	1,108
TALK	-	(210)	(210)	-	(819)	(819)
	$ 200	$ 2,781	$ 2,981	$1,543	$14,313	$15,856

During 1994, the Company sold shares of CellStar, resulting in a pre-tax gain on sale of $27,800. Also in 1994, the Company recorded a $10,600 gain on the carrying value of the investment in CellStar after their public offering. This event did not repeat in 1995. In addition, in 1995, the Company sold 1,500,000 shares of CellStar Common Stock. The gain on the sale of these securities, before income taxes, was approximately $8,400. Since the Company's ownership in CellStar is less than 20%, the Company can no longer account for CellStar under the equity method of accounting. The decrease in Audiovox Pacific is due to an overall decline in gross profits, as the cellular market in Australia experienced the same competitive factors which exist in the United States. As a result, Audiovox Pacific recorded an inventory write-down of $800 during 1995, 50% of which resulted in the Company recording lower income from equity investments.

Interest expense and bank charges increased by $3,200, or 48.3%, compared to 1994 as a result of an increase in interest costs from increased borrowing to support higher levels of inventory purchases and asset financing. Other expenses increased approximately $3,000 primarily due to $2,900 in costs associated with the issuance of stock warrants for no monetary consideration to certain holders of the Company's convertible subordinated debentures. This one-time, non-cash charge to earnings is offset by a $2,900 increase in paid in capital. Therefore, there is no effect on total shareholders' equity.

For fiscal 1995, the Company recorded an income tax recovery of approximately $2,800, compared to a provision of approximately $20,300 for fiscal 1994. The effective income tax recovery rate for 1995 was negatively impacted primarily due to the non-deductibility of losses in the Company's Canadian operations which can no longer be carried-back, the non-deductibility of costs associated with the issuance of the stock warrants and undistributed earnings from equity investments.

Liquidity and Capital Resources

The Company's cash position at November 30, 1996 was approximately $5,274 above the November 30, 1995 level. Operating activities provided approximately $24,011, primarily from a decrease in inventory and increases in accounts payable, accrued expenses and income taxes payable. These favorable events were partially offset by increases in accounts receivable, prepaid expenses and other currents assets. Investing activities used approximately $1,488, composed primarily of $2,805 for the purchase of property, plant and equipment, partially offset by $1,000 from the sale of an investment. Financing activities used approximately $17,280, principally for the reduction of borrowings under line of credit agreements and documentary acceptances.

On February 9, 1996, the Company's 10.8% Series AA and 11.0% Series BB Convertible Debentures matured. The Company paid $4,362 to holders on that date. The remaining $1,100 was converted into 206,046 shares of Common Stock. On November 25, 1996, the Company concluded an exchange of $41,252 of its 6 1/4% subordinated debentures for 6,806,580 shares of the Company's Class A Common Stock. Accounting charges to earnings for this transaction were $29,206, including income taxes on the gain of the exchange of the bonds. As a result of the exchange, stockholders' equity was increased by $34,426.

On October 1, 1996, business formally conducted by the Company's cellular division will be continued in a newly-formed, wholly-owned subsidiary called Audiovox Communications Corp. (ACC). Capitalization of this company was accomplished by exchanging the assets of the former division, less their respective liabilities, for all of the common stock.

On May 5, 1995, the Company entered into the Second Amended and Restated Credit Agreement (the "Credit Agreement") which superseded the first amendment in its entirety. During 1996, the Credit Agreement was amended six times providing for various changes to the terms. The terms as of November 30, 1996 are summarized below.

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 continue to be guaranteed by certain of the Company's subsidiaries and is secured by accounts receivable and inventory of the Company and those subsidiaries. The obligations were secured at November 30, 1996 by a pledge agreement entered into by the Company for 2,125,000 shares of CellStar Common Stock and ten shares of ACC. Subsequent to year end, the shares of CellStar common stock were released from the Pledge Agreement. Availability of credit under the Credit Agreement is a maximum aggregate amount of $85,000, subject to certain conditions, and is based upon a formula taking into account the amount and quality of its accounts receivable and inventory. The Credit Agreement expires on February 28, 1998. As a result, bank obligations under the Credit Agreement have been classified as long-term at November 30, 1996.

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 as follows: pre-tax income of $4,000 per annum; pre-tax income of $2,500 for any two consecutive fiscal quarters; the Company cannot have pre-tax losses of more than $500 in any quarter; and the Company cannot have pre-tax losses in any two consecutive quarters. In addition, the Company must maintain a minimum level of total net worth of $88,500, adjusted for 50% of the aggregate gains realized on sales of capital stock. The Company must maintain a minimum working capital of $125,000. Additionally, the agreement includes restrictions and limitations on payments of dividends, stock repurchases, and capital expenditures. At November 30, 1996, the Company was not in compliance with several financial covenants which were waived. The violations pertained to the limit on capital expenditures made in the fiscal year ended November 30, 1996, the pre-tax net loss incurred in the fourth quarter of fiscal year ended November 30, 1996, the pre-tax net loss incurred in the two consecutive fiscal quarters ending November 30, 1996 and the pre-tax loss for the fiscal year ended November 30, 1996. As of the date of the issuance of the financial statements, the Company's creditors waived their right to call the bank obligations.

On May 9, 1995, the Company issued 1,668,875 warrants in a private placement, with underlying shares which may be purchased pursuant to an option on the Chief Executive Officer's personal stock holdings. Each warrant is convertible into one share of class A common stock at $7 1/8, subject to adjustment under certain circumstances. On May 2, 1996 the Securities and Exchange Commission declared effective a registration statement for the warrants and the underlying common stock which the Company had filed pursuant to a registration rights agreement dated as of May 9, 1995, between the Company and the purchasers of the warrants.

On March 15, 1994, the Company completed the sale of $65,000, 6 1/4% convertible subordinated debentures due 2001. The 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. A portion of the net proceeds of the offering was used to repay existing indebtedness and a prepayment premium.

The Company granted to an investor in CellStar, in connection with the CellStar initial public offering, two options to purchase up to an aggregate of 1,750,000 shares of CellStar Common Stock owned by the Company, 1,500,000 of which was exercised in full on June 1, 1995 at an exercise price of $11.50 per share. As a result, the Company recorded a gain, before provision for income taxes, of $8,435. This reduced the Company's ownership in CellStar below 20% and, as such, the Company will no longer account for CellStar under the equity method of accounting. Subsequent to November 30, 1996, the remaining 250,000 shares under the remaining option expired. The remaining 2,375,000 CellStar shares owned by the Company will be accounted for as an investment in marketable equity securities. During the first quarter of 1997, the Company sold 1,360,000 shares of its

CellStar shares for a gain of $14,743, net of income tax. The Company continues to hold 1,015,000 shares of CellStar common stock. As discussed in Note 6 to the consolidated financial statements, Financial Accounting Standards Board (FASB) Statement No. 115 (Statement 115) addresses the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities. Based upon the closing market price of CellStar on November 30, 1996, the decrease to equity as required by Statement 115 is $21,444, net of deferred taxes.

The Company believes that it has sufficient liquidity to satisfy its anticipated working capital and capital expenditure needs through November 30, 1996 and for the reasonable foreseeable future.

Impact of Inflation and Currency Fluctuation

Inflation has not had and is not expected to have a significant impact on the Company's financial position or operating results. However, as the Company expands its operations into Latin America and the Pacific Rim, the effects of inflation in those areas, if any, could have growing significance to the financial condition and results of the operations of the Company.

Currency Fluctuations

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. The Company believes such seasonality could be attributable to increased demand for its products during the Christmas season, commencing October, for both wholesale and retail operations.

Recent Accounting Pronouncements

The FASB has issued Statement No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of" (Statement 121), in March 1995. Under Statement 121, the Company is required to assess the recoverability and carrying amount of long-lived assets, certain identifiable intangible assets and goodwill related to those assets, whenever events or changes in circumstances indicate impairment. Statement 121 provides the methodology for the measurement of such impairment to be recognized in the financial statements. The provisions of Statement 121 are effective for fiscal years beginning after December 15, 1995 and earlier adoption is permitted. The provisions of Statement 121 must be implemented no later than fiscal year 1997. The effect of initially applying these provisions shall be reported in the period in which the recognition criteria are first applied and met or, in the case of long-lived assets held for disposal, as the cumulative effect of a change in accounting principle at the date of adoption. The Company believes that the implementation will not have a material impact on the Company's consolidated financial position.

The FASB has issued Statement No. 123, "Accounting for Stock-Based Compensation" (Statement 123), in October 1995. Under Statement 123, the Company is required to choose either the new fair value method or the current intrinsic value method of accounting for its stock-based compensation arrangements. Using the fair value method, the Company would measure the compensation cost recognized in the financial statements based upon the estimated fair value of the stock-based compensation arrangements as of the date they are granted. The intrinsic value method, under APB Opinion No. 25, "Accounting for Stock issued to Employees", requires the recognition of compensation cost only if such value does not exceed the market value of the underlying stock on the measurement date. The Company will continue to account for all employee stock-based compensation plans under APB Opinion No. 25 and adopt the provisions of Statement 123, as required, for all stock-based arrangements issued to non-employees. The accounting requirements of Statement 123 are effective for transactions entered into in fiscal years beginning after December 15, 1995 and the disclosure, including pro forma, requirements are effective for financial statements for fiscal years beginning after December 15, 1995. Even though the Company has opted not to change its method of accounting, Statement 123 requires pro forma disclosures of net income and earnings per share computed as if the fair value method has been applied. Statement 123 must be implemented no later than fiscal year 1997. As of November 30, 1996, the Company does not have any such stock compensation plans which would require the preparation of the pro forma disclosure provisions of Statement 123.

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. The following is a table of "Beneficial Ownership of Common Stock and Voting Power". The Company knows of no arrangements which may result at a subsequent date in a change of control of the Company.

BENEFICIAL OWNERSHIP OF COMMON STOCK AND VOTING POWER

Name and Address(1)	Title of Class of Common Stock (2)	Sole Voting or Investment Power	Percent of Class	Combined Voting or Investment Power (5)	Percent of Class
John J. Shalam					
150 Marcus Blvd.	Class A	5,634,939(3)	30.0%	24,466,919	61.2%
Hauppauge, NY	Class B	1,883,198	83.3%		
Philip Christopher					
150 Marcus Blvd.	Class A	340,154(4)	2.0%	2,949,694	7.4%
Hauppauge, NY	Class B	260,954	11.5%		
All directors and officers as a group	Class A	5,977,093	31.4%	27,418,613	68.8%
(10 persons)	Class B	2,144,152	94.8%		

(1) Cede & Co., nominee of Depository Trust Co., 55 Water Street, New York, New York 10041, was the owner of 13,091,084 shares of Class A and it is believed that none of such shares was beneficially owned.

(2) Includes as beneficially owned for each person listed those shares of Class A Common Stock into which Class B Common Stock beneficially owned by such person may be converted upon the exercise of the conversion right of the Class B Common Stock.

(3) The amount shown excludes 2,202 and 116,802 shares of Class A and Class B Common Stock, respectively, held in three irrevocable trusts for the benefit of Marc, David and Ari, the children of John J. Shalam, with respect to which shares Mr. Shalam disclaims any beneficial ownership.

(4) Includes for Mr. Christopher, 75,000 shares issuable with respect to options exercisable within 60 days under the Company's Stock Option Plans.

(5) Holders of Class A Common Stock, voting separately as a class, are entitled to elect 25% of the board of directors (provided that the number of outstanding shares of Class A Common Stock is at least 10% of the total number of outstanding in both classes of common stock); holders of Class B Common Stock, voting separately as a class, are entitled to elect the directors not elected by the holders of Class A Common Stock.

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

July 8, 1997 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	July 8, 1997
s/Philip Christopher Philip Christopher	Executive Vice President and Director	July 8, 1997
s/Charles M. Stoehr Charles M. Stoehr	Senior Vice President, Chief Financial Officer (Principal Financial and Accounting Officer) and Director	July 8, 1997
s/Patrick M. Lavelle Patrick M. Lavelle	Director	July 8, 1997
s/Ann Boutcher Ann Boutcher	Director	July 8, 1997
s/Gordon Tucker Gordon Tucker	Director	July 8, 1997
s/Irving Halevy Irving Halevy	Director	July 8, 1997
s/Richard Maddia Richard Maddia	Director	July 8, 1997
s/Paul C. Kreuch, Jr. Paul C. Kreuch, Jr.	Director	July 8, 1997