

FORM 8-K

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

Date of Report (date of earliest event reported): May 29, 2002

AUDIOVOX CORPORATION

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(Exact name of registrant as specified in its charter)

DELAWARE	1-9532	13-1964841
----- (State or other jurisdiction of Incorporation or organization)	(Commission File Number)	(IRS Employer Identification Number)

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

Registrant's telephone number, including area code: (631) 231-7750  
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NONE  
(Former name, former address and former fiscal year, if  
changed since last report)

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Item 5. Other Events

On May 29, 2002, Audiovox Corporation (the "Company") announced that Toshiba Corporation ("Toshiba") increased its minority interest in the Company's wireless subsidiary, Audiovox Communications Corp. ("ACC") to 25%. ACC received \$32 million from Toshiba for the additional shares of ACC bringing Toshiba's ownership to 25% and an \$8.1 million Subordinated Convertible Note of ACC.

As part of the transaction, ACC and Toshiba have entered into a Distribution Agreement pursuant to which ACC, among other things, will receive thirty-day trade terms and sell Toshiba Communications Company products for carrier channels on an exclusive basis in North and South America.

In addition, the Company gave ACC a non-exclusive license to use the Audiovox name in connection with its sale of products in North and South America. ACC and its Chief Executive Officer and President, Philip Christopher, also entered into an employment agreement in connection with the sale of the minority interest to Toshiba.

In connection with the foregoing, the Company entered into the Sixth Amendment and Consent, dated as of May 28, 2002 to the Fourth Amended and Restated Credit Agreement, dated as of July 28, 1999 (as amended, the "Credit Agreement") among Audiovox Corporation, the several banks and other financial institutions from time to time parties thereto (the "Lenders") and JPMorgan Chase Bank, as administrative and collateral agent for the Lenders (in such capacity, the "Agent"). The Sixth Amendment and Consent, among other things, provided for the issuance to the subordinated note to Toshiba Corporation, the sale or issuance of the Capital Stock of Audiovox Communications Corp. to Toshiba Corporation and the release of the Capital Stock of Audiovox

Communications Corp. from the Lien of the Agent.

Item 7. Exhibits.

99.1 Press release dated May 29, 2002, of Audiovox Corporation

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- 99.2 Securities Purchase Agreement made and entered into as of May 29, 2002, by and among Toshiba Corporation, Audiovox Communications Corp. and Audiovox Corporation
- 99.3 Stockholders Agreement made and entered into as of May 29, 2002, by and among Toshiba Corporation, Audiovox Communications Corp. and Audiovox Corporation
- 99.4 Distribution Agreement made and entered into as of May 29, 2002, by and between Toshiba Corporation and Audiovox Communications Corp.
- 99.5 Non-Negotiable Subordinated Convertible Promissory Note dated May 31, 2002 by Audiovox Communications Corp. in favor of Toshiba Corporation
- 99.6 Employment Agreement effective as of May 29, 2002 by and among Audiovox Communications Corp., Philip Christopher and Audiovox Corporation
- 99.7 Trademark License Agreement made as of May 29, 2002 between Audiovox Corporation and Audiovox Communications Corp.
- 99.8 Non-Negotiable Demand Note dated May 29, 2002 by Audiovox Communications Corp. in favor of Audiovox Corporation
- 99.9 Amended and Restated Certificate of Incorporation of Audiovox Communications Corp.
- 99.10 Sixth Amendment and Consent, dated as of May 28, 2002 to the Fourth Amended and Restated Credit Agreement, dated as of July 28, 1999 (as amended) among Audiovox Corporation, the several banks and other financial institutions from time to time parties thereto (collectively the "Lenders") and JPMorgan Chase Bank, as administrative and collateral agent for the Lenders

SIGNATURES

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

AUDIOVOX CORPORATION

Dated: June 5, 2002

By: s/ Charles M. Stoehr

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Charles M. Stoehr  
Senior Vice President and  
Chief Financial Officer

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## TOSHIBA INCREASES INVESTMENT IN AUDIOVOX WIRELESS SUBSIDIARY

Hauppauge, NY, May 29, 2002 ... Audiovox Corporation (Nasdaq: VOXX) today announced that Toshiba Corporation has increased its minority interest in the Company's wireless subsidiary, Audiovox Communications Corp. (ACC), to 25%. Toshiba has held a 5% interest in ACC since 1999. As part of the transaction, ACC and Toshiba Corporation have entered into a distribution agreement under which ACC will, among other things, sell Toshiba Mobile Communications Company products for carrier channels, on an exclusive basis, in North and South America. In addition, the Toshiba brand name will be on certain wireless products sold by ACC.

Under the financial terms of the transaction, Toshiba Corporation has acquired, for aggregate consideration of \$32 million, additional shares of ACC bringing its current ownership to 25% and an \$8.1 million Subordinated Convertible Note of ACC.

Commenting on the announcement, John Shalam, Chairman, President and CEO of Audiovox Corporation said, "We began our partnership with Toshiba back in 1984 when together we were among the first companies to enter the cellular industry. Over the years that partnership has provided us with the technology that has helped us achieve a leadership position in the wireless industry. I am very pleased that Toshiba Corporation has chosen to increase its investment in our company. It is indicative of Toshiba's commitment to our marketing strategies and distribution. I believe that we are now stronger than ever and that this investment should allow us to compete more effectively in the fast-paced wireless market."

Philip Christopher, President and CEO of Audiovox Communications Corp. stated, "Success in the wireless market today depends more and more on strategic alliances that combine the key elements of technology and distribution. Toshiba provides us with access to technology that should prove valuable as the 3G market develops."

Christopher further stated, "The addition of the well known Toshiba brand to our product line should help us increase market share, particularly in the new personal digital assistant (PDA) products as Toshiba has a solid reputation in the PC market." "

Mr. Tetsuya Mizoguchi, President of Toshiba's Mobile Communications Company stated, "With our technology tied firmly together with Audiovox's strong marketing and sales force, we expect this

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enhanced partnership to strengthen our competitiveness in the CDMA market in which we have been participating from the very beginning. We are excited about our future together with Audiovox as our strategic partner."

TOSHIBA INCREASES INVESTMENT....

Berenson Minella & Company served as financial advisor to Audiovox Corporation and Goldman Sachs (Japan) Ltd. served as financial advisor to Toshiba Corporation in connection with this transaction.

Audiovox Corporation is an international leader in the marketing of cellular telephones, vehicle security, mobile video, autosound systems, and consumer electronics products. The Company conducts its business through two subsidiaries and markets its products both domestically and internationally under its own brands. It also functions as an OEM (Original Equipment Manufacturer) supplier to several customers. For additional information, please visit Audiovox on the Web at <http://www.audiovox.com>.

Toshiba Corporation is a leader in information and communications systems, electronic components, consumer products and power systems. Worldwide, Toshiba employs over 176,000 employees, and generates annual sales of over US\$40 billion. Toshiba's Mobile Communications Company delivers solutions and innovations in cellular systems and personal digital assistants. Visit Toshiba's website at <http://www.toshiba.co.jp/index.htm>.

Except for historical information contained herein, statements made in this release that would constitute forward-looking statements may involve certain risks such as our ability to keep pace with technological advances, significant competition in the wireless, mobile and consumer electronics businesses, quality and consumer acceptance of newly introduced products, our relationships with key suppliers and customers, market volatility, non-availability of product, excess inventory, price and product competition, new product introductions and other risks detailed in the Company's Quarterly Report on Form 10-Q for the period ended February 28 2002 and in the Company's Annual Report on Form 10-K for the fiscal year ended November 30, 2001. These factors among others may cause actual results to differ materially from the results suggested in the forward-looking statements.

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## SECURITIES PURCHASE AGREEMENT

THIS SECURITIES PURCHASE AGREEMENT (this "AGREEMENT") is made and entered into as of May 29, 2002 by and among TOSHIBA CORPORATION, a Japanese corporation, acting through its Mobile Communications Company ("TOSHIBA"), AUDIOVOX COMMUNICATIONS CORP., a Delaware corporation ("ACC"), and AUDIOVOX CORPORATION, a Delaware corporation ("AUDIOVOX"). Toshiba, ACC and Audiovox are referred to herein collectively as the "PARTIES" and each individually as a "PARTY".

### RECITALS

A. Toshiba desires to purchase shares of Class B Common Stock and a convertible promissory note from ACC, and ACC desires to issue and sell such securities to Toshiba, on the terms and subject to the conditions set forth herein.

B. Certain terms used herein have the meanings set forth for such terms in the text of this Agreement or in Annex I hereto.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

### AGREEMENT

#### 1. PURCHASE AND SALE OF THE SHARES AND THE NOTE.

Subject to the terms and conditions hereof, at the Closing, ACC shall sell and issue to Toshiba, and Toshiba shall subscribe for and purchase from ACC, (a) 30.877192 shares (the "SHARES") of ACC's Class B Common Stock, no par value per share ("CLASS B COMMON STOCK"), and (b) a Convertible Promissory Note dated the date that ACC receives the Purchase Price pursuant to Section 2.2(b) in the principal amount of \$8,106,667 (the "NOTE"), which note shall be in the form of Exhibit 1. The aggregate purchase price for the Shares and the Note shall be Thirty-two Million Dollars (\$32,000,000) (the "PURCHASE PRICE"), consisting of an aggregate purchase price of \$23,893,333 for the Shares and a purchase price of \$8,106,667 for the Note. The Purchase Price shall be payable in cash at the Closing as provided in Section 2.2(b).

#### 2. THE CLOSING.

2.1 THE CLOSING. The closing of the transactions contemplated by this Agreement (the "CLOSING") is taking place as of the date hereof at the offices of Audiovox Communications Corp., 555 Wireless Blvd., Hauppauge, New York 11788. The date and time of the Closing are referred to herein as the "CLOSING DATE".

#### 2.2 ACTIONS OCCURRING AT THE CLOSING. At the Closing:

(A) DELIVERY OF THE SHARES AND THE NOTE. Concurrently with ACC's receipt of the Purchase Price pursuant to Section 2.2(b), ACC shall issue and deliver to Toshiba (i) a stock certificate or certificates registered in the name of Toshiba, representing the Shares purchased hereunder, and (ii) the Note, executed by ACC.

(B) PURCHASE PRICE. Toshiba shall deliver the Purchase Price within five (5)

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Business Days following the Closing Date by wire transfer of immediately available funds to an account specified by ACC at least four (4) Business Days prior to the Closing.

(C) TRANSACTION AGREEMENTS. Each of the following agreements and instruments (collectively with this Agreement, the "TRANSACTION AGREEMENTS") shall be entered into by each of the parties thereto:

(I) The Stockholders Agreement among the Parties in the form of Exhibit 2.2(c)(i);

(II) The Distribution Agreement between Toshiba and ACC in the form of Exhibit 2.2(c)(ii);

(III) The Employment Agreement between ACC and Philip Christopher in the form of Exhibit 2.2(c)(iii);

(IV) The Trademark License Agreement between ACC and Audiovox in the form of Exhibit 2.2(c)(iv);

(V) The Shared Services Agreement between ACC and Audiovox in the form of Exhibit 2.2(c)(v);

(VI) The Note, which will be executed by ACC and delivered to Toshiba in accordance with Section 2.2(a); and

(VII) The Intercompany Note in the form of Exhibit 2.2(c)(vii), which will be executed by ACC and delivered to Audiovox in accordance with Section 3.

(D) PERMITS AND APPROVALS. Toshiba shall receive satisfactory written evidence that the Approvals described on Section 4.3(b) of the Disclosure Schedule have been made or obtained.

(E) OFFICER'S CERTIFICATE OF ACC. ACC shall deliver to Toshiba:

(I) a copy of the Certificate of Incorporation and Bylaws of each of ACC and Quintex Mobile Communications Corp., a Delaware corporation ("QUINTEX");

(II) a copy of the resolutions or minutes of the meetings of ACC's board of directors and stockholders evidencing approval of the Transaction Agreements and the matters contemplated thereby;

(III) a certificate of the Chief Financial Officer of ACC, dated as of the Closing Date and in form and substance satisfactory to Toshiba, as to the accuracy of the documents delivered to Toshiba under clauses (i) and (ii), and the incumbency and signature of the officers of ACC and Audiovox executing this Agreement and each other Transaction Agreement to which ACC or Audiovox is a party; and

(IV) other documents as may reasonably be requested by Toshiba.

(F) AMENDED AND RESTATED CERTIFICATE OF INCORPORATION AND BYLAWS OF ACC. ACC shall adopt its Amended and Restated Certificate of Incorporation and Bylaws in the forms attached to the Stockholders Agreement as Exhibit 1.9(a) and Exhibit 1.9(b), respectively.

(G) BOARD OF DIRECTORS. Concurrently with the Closing, the Board of Directors of ACC shall be reconstituted as contemplated by Section 1.1 of the Stockholders Agreement.

(H) OFFICER'S CERTIFICATE OF TOSHIBA. Toshiba shall deliver to ACC:

(I) a copy of the resolutions or minutes of the meetings of Toshiba's board of directors evidencing approval of the Transaction Agreements and the matters contemplated thereby;

(II) a certificate of an authorized officer of the Mobile Communications Company of Toshiba, dated as of the Closing Date and in form and substance satisfactory to ACC, as to the accuracy of the documents delivered to ACC under clause (i), and the incumbency and signature of the officers of Toshiba executing this Agreement and each other Transaction Agreement to which Toshiba is a party; and

(III) other documents as may reasonably be requested by ACC.

### 3. CLOSING PAYMENT OF INTERCOMPANY DEBT.

Promptly after receipt of the Purchase Price pursuant to Section 2.2(b), ACC shall use the entire Purchase Price to make a repayment of Thirty-two Million Dollars (\$32,000,000) of the debt owed by ACC to Audiovox (the "INTERCOMPANY DEBT"). At the Closing, ACC shall execute and deliver to Audiovox a note (the "INTERCOMPANY NOTE") that evidences the Intercompany Debt and sets forth its terms and conditions.

### 4. REPRESENTATIONS AND WARRANTIES OF ACC AND AUDIOVOX.

Except as otherwise indicated on ACC's disclosure schedule delivered to Toshiba concurrently herewith, which is hereby incorporated as an integral component of this Agreement (the "DISCLOSURE SCHEDULE"), ACC and Audiovox hereby jointly and severally represent and warrant to Toshiba as follows:

#### 4.1 ORGANIZATION AND RELATED MATTERS.

(A) ACC and Quintex (collectively, the "ACC ENTITIES") each is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware. Except for Quintex, none of ACC's controlled Affiliates conduct material business activities. Section 4.1(a) of the Disclosure Schedule sets forth each foreign jurisdiction in which the ACC Entities are qualified to do business. Audiovox is a corporation duly incorporated, validly existing and in good standing under the Laws of the State of Delaware.

(B) Each ACC Entity has all requisite organizational power and authority to own its properties and to carry on its business. To ACC's Knowledge, each ACC Entity is duly qualified or licensed to do business in good standing in all jurisdictions in which the character or the location of the assets owned or leased by it or the nature of its business requires such licensing

or qualification. True and correct copies of the Organizational Documents of each ACC Entity have been provided or made available to Toshiba.

4.2 AUTHORITY; ENFORCEABILITY; EFFECT OF TRANSACTION AGREEMENTS. ACC and Audiovox each has all necessary organizational power and authority to execute, deliver and perform each Transaction Agreement to which it is a party. Each Transaction Agreement to which ACC or Audiovox is a party has been duly authorized by all necessary organizational action of ACC or Audiovox, as applicable. Each Transaction Agreement to which ACC or Audiovox is a party has been duly executed and delivered by ACC or Audiovox, as applicable. Assuming the due authorization, execution and delivery by the other party or parties thereto, each Transaction Agreement to which ACC or Audiovox is a party constitutes a valid and legally binding obligation of ACC or Audiovox, enforceable against ACC or Audiovox, as applicable, in accordance with its terms, subject to limitations imposed by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally and general equitable principles.

#### 4.3 NO CONFLICTS.

(A) The execution and delivery by ACC and Audiovox of each Transaction Agreement to which it is a party does not, and the performance by ACC and Audiovox of its obligations thereunder will not, conflict with, result in any violation of or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of any obligation (in each case by any third party) or to the loss of any benefit by any ACC Entity or Audiovox under, or result in or require the creation, imposition or extension of any Lien (excluding Permitted Liens) upon any asset of any ACC Entity or Audiovox under, (1) the Organizational Documents of any ACC Entity or Audiovox, (2) any Contract or Governmental Approval to which any ACC Entity or Audiovox is a party or is otherwise bound, or to which any of their assets is subject, or (3) any Legal Requirement applicable to any ACC Entity or Audiovox, except in the case of Audiovox for any matters that would not be reasonably expected to have a Material Adverse Effect.

(B) Section 4.3(b) of the Disclosure Schedule lists all Approvals required to be made or obtained by or with respect to Audiovox or any ACC Entity to consummate the transactions contemplated by this Agreement, except in the case of Audiovox for any Approvals the failure of which to be made or obtained would not have a Material Adverse Effect. Except as set forth in Section 4.3(b) of the Disclosure Schedule and except in the case of Audiovox for any Approvals the failure of which to be made or obtained would not have a Material Adverse Effect, the execution and delivery of the Transaction Agreements by Audiovox and ACC, the performance of their respective obligations thereunder and the consummation of the transactions contemplated thereby will not require any Approvals of or with any Person.

#### 4.4 CAPITALIZATION.

(A) Section 4.4(a) of the Disclosure Schedule sets forth the authorized, issued and outstanding capital stock and other Securities of each ACC Entity. Section 4.4(a) of the Disclosure Schedule also identifies each holder of outstanding Securities of each ACC Entity and the type and amount of such Securities held (including with respect to any options, warrants, conversion rights or other rights to acquire capital stock, the unexpired term and the exercise, conversion or exchange price relating to such rights). Other than as set forth in Section 4.4(a) of the Disclosure Schedule, there are no issued or outstanding Securities of any ACC Entity, or any subscription rights (including preemptive rights), calls or Contracts obligating any ACC Entity now or at any time in the future to issue Securities. There are no outstanding Contracts of any ACC Entity to repurchase, redeem or otherwise acquire any Securities.

(B) All of the outstanding Securities of each ACC Entity have been duly authorized and validly issued and are fully paid and non-assessable and were not issued in violation of any preemptive rights, Liens or Legal Requirements. The issuance of the Shares to Toshiba at the Closing hereunder and the issuance of Class B Common Stock upon the conversion of the Note in accordance with its terms have been duly authorized by all necessary action of ACC and its shareholders. At the Closing, upon payment therefor in accordance with the terms of this Agreement, the Shares will be validly issued and fully paid and non-assessable and not issued in violation of any preemptive rights, Liens or Legal Requirements. Upon the conversion of the Note in accordance with its terms, the shares of Class B Common Stock issuable upon such conversion shall be validly issued and fully paid and non-assessable and not issued in violation of any preemptive rights, Liens or currently existing Legal Requirements.

4.5 SEC DOCUMENTS AND PUBLIC DISCLOSURES. In each case to the extent that the SEC Documents described in this Section, the information contained therein and the exhibits thereto relate to ACC Entities:

(A) Except as set forth in Section 4.5(a) of the Disclosure Schedule, Audiovox has timely filed all filings and reports filed or required to be filed by Audiovox with the SEC pursuant to the Securities Laws, and has provided Toshiba with true and correct copies of all such filings and reports, together with all exhibits thereto (collectively, the "SEC DOCUMENTS"). As of their respective dates, the SEC Documents complied in all material respects with the requirements of the applicable Securities Laws.

(B) To ACC's Knowledge, the statements made in the SEC Documents are true and correct.

#### 4.6 FINANCIAL STATEMENTS.

(A) ACC has delivered to Toshiba true and correct copies of the following unaudited financial statements (the "FINANCIAL STATEMENTS"):

(I) the consolidated balance sheet of ACC and its subsidiaries as of November 30, 2001, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the fiscal year then ended;

(II) the consolidated balance sheet of ACC and its subsidiaries as of

February 28, 2002, and the related consolidated statements of operations, changes in stockholders' equity and cash flows for the three-month period then ended; and

(III) the consolidated balance sheet of ACC and its subsidiaries as of April 30, 2002, the related consolidated statements of operations for the one-month period and the five-month periods then ended, and the related consolidated statement of cash flows for the five-month period then ended.

(B) To ACC's Knowledge:

(I) The Financial Statements have been prepared in conformity with U.S. generally acceptable accounting principles ("GAAP") applied on a consistent basis and have been certified to Toshiba by the Chief Financial Officer of ACC.

(II) The statements of income and cash flows contained in the Financial Statements present fairly in all material respects the results of operations and the sources and uses of cash, respectively, of ACC and its consolidated subsidiaries for the respective periods covered by such statements of income and cash flows. The balance sheets contained in the Financial Statements present fairly in all material respects the financial condition of ACC and its consolidated subsidiaries as of the respective dates of such balance sheets.

(III) The interim financial statements contained in the Financial Statements reflect all adjustments necessary for a fair presentation. Since November 30, 2001, there has been no change in any of the significant accounting policies, practices or procedures of ACC and its consolidated subsidiaries.

(C) Section 4.6(c) of the Disclosure Schedule contains a complete and accurate description of all Liabilities of ACC to its customers and other third parties with respect to cooperative advertising and market development funds that are currently outstanding or were outstanding at any time since December 1, 2000 (collectively, "MDF"). MDF is accurately reflected in the Financial Statements, and to the Company's Knowledge, no Person has challenged or threatened to challenge any reversals of accounting accruals previously made by ACC with respect to any MDF. ACC has adopted and is in the process of implementing all of KPMG's recommendations in its reportable conditions letter dated March 8, 2002 with respect to MDF.

4.7 LIABILITIES. To ACC's Knowledge, ACC and its subsidiaries have no off-balance sheet financing or similar financial arrangements and no Liabilities which are required to be provided for or reserved against on a balance sheet prepared in accordance with GAAP, other than the following Liabilities:

(A) Liabilities provided for or reserved against in the Financial Statements;

(B) Liabilities incurred in the ordinary course of business consistent with past practice since November 30, 2001; and

(C) Liabilities identified in Section 4.7(c) of the Disclosure Schedule.

4.8 NO MATERIAL ADVERSE CHANGES. Except as set forth in the Financial Statements described in Section 4.6(a)(iii), to ACC's Knowledge, since November 30, 2001, whether or not

in the ordinary course of business, there has not been, occurred or arisen any change in or event affecting any ACC Entity, Audiovox or their respective business, assets or activities that has had or may reasonably be expected to have a Material Adverse Effect.

#### 4.9 TAXES.

(A) To ACC's Knowledge, each Tax Return required to be filed by any of the ACC Entities or by Audiovox relating in whole or in part to any ACC Entity or the Business ("BUSINESS TAX RETURNS"), to the extent required by applicable Law to be filed before the date hereof (taking into account any applicable extensions), has been filed, and each filed Business Tax Return is true, correct and complete in all material respects. To ACC's Knowledge, all Taxes shown to be payable on such Business Tax Returns or on subsequent assessments with respect thereto have been paid in full on a timely basis, and no other Taxes are payable relating in whole or in part to any ACC Entity or the Business, whether or not shown on such Business Tax Returns, for any period ending prior to or including the Closing Date, except for Taxes shown as a current liability in the Financial Statements.

(B) ACC has delivered or made available to Toshiba correct and complete copies of all Business Tax Returns filed by the ACC Entities or Audiovox for all periods ending on or after December 31, 1998, and copies of all Tax examination reports and notices of deficiency or assessment with respect to any Business Tax Returns received by any ACC Entity or Audiovox after December 31, 1998.

(C) To ACC's Knowledge: (i) no ACC Entity has any Liability for Taxes by Contract with any other Person (including any tax sharing or tax indemnity agreement); (ii) there are no Liens for Taxes on the assets of any ACC Entity, other than Permitted Liens, statutory liens for Taxes not yet due or Liens for Taxes being contested in good faith; and (iii) no ACC Entity has ever been the member of any group for Tax purposes other than a group consisting solely of Audiovox, ACC and/or any ACC Entity.

(D) Except as indicated in Section 4.9(d) of the Disclosure Schedule, no Business Tax Return filed or required to be filed within seven (7) years prior to the date hereof has been audited or is currently the subject of audit or any Tax-related Proceeding by any Governmental Authority and, to ACC's Knowledge, no such audit or Proceeding is threatened. Except as indicated in Section 4.9(d) of the Disclosure Schedule, none of the ACC Entities or Audiovox has waived any statute of limitations in respect of any Tax related to the Business, which waiver remains in effect.

(E) Except as indicated in Section 4.9(e) of the Disclosure Schedule, no ACC Entity is the party to or the subject of any closing agreement, private letter ruling, technical advice memoranda or advance pricing agreement relating to Taxes with any Governmental Authority.

#### 4.10 MATERIAL CONTRACTS.

(A) Section 4.10(a) of the Disclosure Schedule lists each Material Contract. True copies of all written Material Contracts and summaries of all oral Material Contracts, including all amendments and supplements thereto, have been delivered to Toshiba.

(B) To ACC's Knowledge:

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(I) Each Material Contract is valid and in full force and effect. Each ACC Entity has duly performed its obligations under each Material Contract. No breach of or default under any Material Contract by any ACC Entity, and no event which would (with the passage of time, the giving of notice or otherwise) cause or give rise to such a breach or default by any ACC Entity, has occurred or as a result of the Transaction Agreements will occur.

(II) No breach of or default under any Material Contract by any Person other than the ACC Entities, and no event which would (with the passage of time, the giving of notice or otherwise) cause or give rise to such a breach or default by any such Person, has occurred or as a result of the Transaction Agreements will occur.

4.11 REAL AND PERSONAL PROPERTY. To ACC's Knowledge, each ACC Entity has good and marketable title to or other valid right to use, free of Liens, all items of real property (including fees, leaseholds and all other interests in real property) and such other assets and properties owned or used by the ACC Entity in its business, subject only to Permitted Liens and Liens described in Section 4.11 of the Disclosure Schedule. All material tangible properties of the ACC Entities are generally in a good state of maintenance and repair (except for ordinary wear and tear) and are generally adequate for the purpose for which they are used. All real and material personal properties held by the ACC Entities as lessee are held under valid, binding and enforceable leases. To the Knowledge of ACC, there is no pending or threatened Proceeding that would materially interfere with the use of any such leased property by any ACC Entity.

4.12 INTELLECTUAL PROPERTY. Each ACC Entity owns or otherwise has the valid right to use, as presently used in the ordinary course of its business, all of its Intellectual Property, and such ownership rights and rights to use are not subject to any Liens that limit or restrict any ACC Entity from using its Intellectual Property as currently used in its business in any material respect. Section 4.12 of the Disclosure Schedule contains a complete list of all registered trademarks, patents and registered copyrights of the ACC Entities, all pending applications therefor, and all Material Contracts of the ACC Entities to use their Intellectual Property. The ACC Entities have taken commercially reasonable measures to protect all of their Intellectual Property. To the Knowledge of ACC, there is no infringement of any Intellectual Property of the ACC Entities by any Person.

4.13 ACCOUNTS RECEIVABLE. To ACC's Knowledge:

(A) Section 4.13(a) of the Disclosure Schedule sets forth an accurate, correct and complete list as of April 30, 2002 of all accounts receivable of the ACC Entities. Each such account receivable is fairly valued as of April 30, 2002 in accordance with GAAP.

(B) Each such account receivable is a valid and legally binding obligation of the account debtor, enforceable in accordance with its terms, and represents products or services actually provided to and accepted by or on behalf of the account debtor.

4.14 INVENTORY. To ACC's Knowledge, all items of inventory of the ACC Entities, whether physically held by the ACC Entities or by third parties (other than inventory purchased from Toshiba, which shall not be covered by this Section) are fairly valued in the Financial Statements as of the respective dates of such Financial Statements in accordance with GAAP. To ACC's Knowledge, the physical inventory has been counted and is on hand as of February 28, 2002.

4.15 CUSTOMERS, DISTRIBUTORS AND SUPPLIERS. Section 4.15 of the Disclosure Schedule sets forth an accurate, correct and complete list of (i) the 20 largest customers of the ACC Entities, determined on the basis of revenues, for each of the fiscal years ended November 30, 1999, 2000 and 2001; and (ii) the 20 largest suppliers of the ACC Entities, determined on the basis of costs of items purchased, for each of the fiscal years ended November 30, 1999, 2000 and 2001. Except as set forth in the Contracts listed on Section 4.15 of the Disclosure Schedule, no ACC Entity is restricted by Contract from selling, licensing or otherwise providing products or services to any customers, in any geographic area, during any period of time or in any market segment. No ACC Entity is subject to any Contract which provides that any supplier will be the exclusive supplier of any ACC Entity to any customers, in any geographic area, during any period of time or in any market segment. No ACC Entity is subject to any Contract requiring any ACC Entity to purchase the entire output of a supplier.

4.16 WARRANTIES. Section 4.16 of the Disclosure Schedule identifies the standard warranties and warranty policies of the ACC Entities currently in effect. True and correct copies of such warranties and warranty policies have been provided or made available to Toshiba.

4.17 PROCEEDINGS. Section 4.17 of the Disclosure Schedule identifies each pending Proceeding against or affecting any of the ACC Entities, their respective assets or businesses or the transactions contemplated by this Agreement. ACC has delivered to Toshiba true, accurate and complete copies of all pleadings, correspondence and other documents relating to such Proceedings.

4.18 LEGAL REQUIREMENTS. To ACC's Knowledge, each of the ACC Entities has substantially complied, and is in substantial compliance, with all Legal Requirements that are applicable to the Business.

4.19 ACCOUNTING RECORDS; INTERNAL CONTROLS. To ACC's Knowledge: the ACC Entities (a) make and keep books and records that are accurate in all material respects, and (b) maintain internal accounting controls which provide reasonable assurance that (i) transactions are executed in accordance with management's authorization, (ii) transactions are recorded as necessary to permit preparation of their financial statements and to maintain accountability for their assets, (iii) access to their assets is permitted only in accordance with management's authorization, and (iv) reported accountability for their assets is compared with existing assets at reasonable intervals.

4.20 INSURANCE. Section 4.20 of the Disclosure Schedule lists all insurance policies and bonds with respect to the ACC Entities, including, without limitation, all policies insuring directors and officers of the ACC Entities. ACC has delivered to Toshiba true, accurate and complete copies of all such policies and bonds. To ACC's Knowledge, the ACC Entities have timely filed claims with their respective insurers with respect to all material matters and occurrences for which they believe they have coverage. Except as set forth in Section 4.20 of the Disclosure Schedule, Audiovox has received no written notice or other written indication from any insurer or agent of any intent to cancel or not renew any of such insurance policies or bonds.

4.21 GOVERNMENTAL APPROVALS. To ACC's Knowledge, each ACC Entity has obtained and is in compliance with all Governmental Approvals that are necessary in connection with its ownership and operation of its assets and business, and all of such Governmental Approvals are

in full force and effect. To ACC's Knowledge, there is no pending or threatened Proceeding with respect to the suspension, termination, revocation, cancellation, limitation or impairment of any such Governmental Approval, and no fines or penalties are due and payable in respect of any such Governmental Approval or any violation thereof.

#### 4.22 EMPLOYEE MATTERS.

(A) Except as indicated in Section 4.22(a) of the Disclosure Schedule, none of the employees of the ACC Entities ("EMPLOYEES") has been granted the right to continued employment or engagement by any ACC Entity or to any compensation following or in connection with termination of employment or engagement with any ACC Entity, subject to any rights to receive such compensation pursuant to applicable Legal Requirements.

(B) Except as indicated in Section 4.22(b) of the Disclosure Schedule, neither the execution and delivery of the Transaction Agreements nor the consummation of the transactions contemplated thereby will result in or give rise to (i) any liability by any Person to make any severance, retention, termination, "golden parachute" or other payment to any Employee, or (ii) the acceleration of any other rights or benefits to any Employee (including vesting and payments with respect to equity incentives and other rights under Benefits Plans), in each case whether pursuant to Benefit Plan, Contract, Legal Requirement or otherwise.

(C) Except as indicated in Section 4.22(c) of the Disclosure Schedule, to ACC's Knowledge, there are no claims, disputes, controversies or Proceedings against or affecting any ACC Entity pending or threatened by or pertaining to any Employee. Each ACC Entity has substantially complied with all Legal Requirements related to the employment or engagement of its employees, including Legal Requirements related to wages, hours, leaves of absence, equal opportunity, occupational health and safety, workers' compensation, severance, employee handbooks or manuals, collective bargaining, unfair labor practices and the payment of social security and other Taxes and withholding obligations relating thereto.

(D) None of the ACC Entities is a party to or is otherwise subject to any obligations relating to any collective bargaining Contract. There is no labor strike, slowdown or stoppage and there are currently no union organizing activities among the Employees pending or threatened against any of the ACC Entities.

#### 4.23 BENEFIT PLANS.

(A) Section 4.23(a) of the Disclosure Schedule lists all employee benefit plans, collective bargaining, employment and severance Contracts and other similar arrangements to which any ACC Entity is a party or is otherwise subject, including plans and arrangements provided by Audiovox (the "BENEFIT PLANS"), including, without limitation, (i) profit-sharing, deferred compensation, bonus, stock option, stock purchase, pension, retainer, consulting, retirement, severance, welfare or incentive plans or Contracts, (ii) benefits relating to vacation, child care, parenting, sabbatical, sick leave, medical, dental, hospitalization, life insurance and other types of insurance, and (iii) employment Contracts.

(B) ACC has delivered to Toshiba true and complete copies of all documents and summary plan descriptions with respect to the Benefit Plans, or summary descriptions of any Benefit Plans not in writing. ACC Entities and Audiovox are in substantial compliance with all

Legal Requirements applicable to the Benefit Plans and have performed in all material respects all of their obligations under the Benefit Plans. To ACC's Knowledge, there are no Proceedings pending or threatened against or with respect to any Benefit Plans.

4.24 CERTAIN INTERESTS. To the extent that Audiovox is required to disclose certain relationships and related transactions pursuant to Legal Requirements and assuming that such disclosure is complete and accurate through the date hereof, Section 4.24 of the Disclosure Schedule accurately identifies all Contracts, courses of dealing and other relationships with and between any ACC Entity, on the one hand, and Audiovox or any of its Affiliates or Associates, on the other hand, and ACC has delivered to Toshiba true, accurate and complete copies of all written Contracts relating thereto. Except as set forth in Section 4.24 of the Disclosure Schedule, neither Audiovox nor any of its Associates or Affiliates has any ownership interest in any property used in or pertaining to the business of the ACC Entities; no such Person is indebted or otherwise obligated to the ACC Entities; and none of the ACC Entities is indebted or otherwise obligated to any such Person. Except as set forth in Section 4.24 of the Disclosure Schedule, no ACC Entity is subject to any liability to Audiovox or any of its Affiliates or Associates that is required to be disclosed pursuant to Legal Requirements and assuming that such disclosure is complete and accurate through the date hereof.

4.25 ENVIRONMENTAL COMPLIANCE. Except as provided for or reserved against on the Financial Statements or as have not had and would not reasonably be likely to have a Company Material Adverse Effect, to ACC's Knowledge:

(A) There has been no storage, disposal, generation, manufacture, refinement, transportation, handling or treatment of toxic wastes, medical wastes, hazardous wastes or hazardous substances by Audiovox or any ACC Entity at, upon or from any of the properties now or previously owned or leased by Audiovox or any ACC Entity in violation of any Legal Requirement or Approval, or which would require remedial action under any Legal Requirement or Approval.

(B) There has been no material spill, discharge, leak, emission, injection, escape, dumping or release of any kind onto such property or into the environment surrounding such property of any toxic wastes, medical wastes, solid wastes, hazardous wastes or hazardous substances due to or caused by Audiovox or any ACC Entity. The terms "hazardous wastes", "toxic wastes", "hazardous substances" and "medical wastes" shall have the meanings specified for such terms or any similar terms in any applicable local, state, federal and foreign Laws with respect to environment protection.

4.26 NO BROKERS OR FINDERS. Except for Berenson Minella & Company, whose fees will be borne by Audiovox, no agent, broker, finder, investment or commercial banker, or other Person engaged by or acting on behalf of any ACC Entity in connection with the negotiation, execution or performance of this Agreement or the transactions contemplated by this Agreement, is or will be entitled to any brokerage or finder's or similar fee or other commission as a result of this Agreement or such transactions.

4.27 ACCURACY OF INFORMATION. To ACC's Knowledge, all information provided by ACC or its agents and representatives to Toshiba or its agents and representatives in connection with this Agreement is true and correct in all material respects as of the respective dates of such information and does not omit any material fact necessary to make the statements therein, in light

of the circumstances under which they were made, not misleading as of the respective dates of such information; provided that no representation or warranty is made by ACC or Audiovox as to any financial forecasts or projections furnished to Toshiba or its agents or representatives, except that such financial forecasts and projections have been prepared in good faith based on assumptions that are believed by ACC to have been reasonable at the time or times made.

#### 5. REPRESENTATIONS AND WARRANTIES OF TOSHIBA.

Toshiba hereby represents and warrants to Audiovox and ACC as follows:

5.1 ORGANIZATION; AUTHORITY; ENFORCEABILITY; EFFECT OF TRANSACTION AGREEMENTS. Toshiba is a corporation duly organized and validly existing under the Laws of Japan. Toshiba has all necessary organizational power and authority to execute, deliver and perform the Transaction Agreements to which it is a party. Each Transaction Agreement to which Toshiba is a party has been duly authorized by all necessary organizational action of Toshiba. Each Transaction Agreement to which Toshiba is a party has been duly executed and delivered by Toshiba. Assuming the due authorization, execution and delivery by the other party or parties thereto, each Transaction Agreement to which Toshiba is a party constitutes a valid and legally binding obligation of Toshiba, enforceable against Toshiba in accordance with its terms, subject to limitations imposed by bankruptcy, fraudulent conveyance, insolvency, reorganization, moratorium and other Laws relating to or affecting creditors' rights generally and general equitable principles.

#### 5.2 NO CONFLICTS.

(A) The execution and delivery by Toshiba of each Transaction Agreement to which it is a party does not, and the performance by Toshiba of its obligations thereunder will not, conflict with, result in any violation of or default (with or without notice or lapse of time or both) under, give rise to a right of termination, cancellation or acceleration of any obligation (in each case by any third party) or to the loss of any benefit by Toshiba under, or result in or require the creation, imposition or extension of any Lien upon any asset of Toshiba under, (1) the Organizational Documents of Toshiba, (2) any Contract or Governmental Approval to which Toshiba is a party or is otherwise bound, or to which any of its assets is subject, or (3) any Law applicable to Toshiba, except for any matters that would not be reasonably expected to have a material adverse effect on Toshiba's ability to perform its obligations under the Transaction Agreements.

(B) Toshiba's execution and delivery of the Transaction Agreements to which it is a party, Toshiba's performance of its obligations thereunder and the consummation of the transactions contemplated thereby will not require any Approvals of or with any Person, except for Toshiba's post-Closing filing under the Foreign Exchange and Foreign Trade Law of Japan relating to its acquisition of the Shares and the Note, and for any matters that would not be reasonably expected to have a material adverse effect on Toshiba's ability to perform its obligations under the Transaction Agreements.

5.3 NO BROKERS OR FINDERS. Except for any entities affiliated with Goldman Sachs (Japan) Ltd., whose fees will be borne by Toshiba, no agent, broker, finder, investment or commercial banker, or other Person engaged by or acting on behalf of Toshiba in connection with the negotiation, execution or performance of this Agreement or the transactions contemplated by

this Agreement, is or will be entitled to any brokerage or finder's or similar fee or other commission as a result of this Agreement or such transactions.

5.4 PURCHASE FOR TOSHIBA'S OWN ACCOUNT. The Shares and the Note are being acquired hereunder for investment for Toshiba's own account, not as a nominee or agent, and not with a view to the resale or distribution of any part thereof. Toshiba is not subject to any Contract and has no present intention to sell, grant any participation in or otherwise distribute any of the Shares or the Note.

#### 5.5 SOPHISTICATED INVESTOR.

(A) Toshiba acknowledges that it is able to fend for itself with respect to evaluating its investment in the Shares and the Note; can bear the economic risk of its investment in the Shares and the Note; can hold the Shares and the Note for an indefinite period of time; and has such knowledge and experience in financial or business matters that it is capable of evaluating the merits and risks of its investment in the Shares and the Note.

(B) Toshiba has undertaken its own due diligence investigation of the ACC Entities and the Business, has had a complete opportunity to discuss the ACC Entities and the Business with ACC's management, and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed and intelligent decision with respect to the execution, delivery and performance of this Agreement and the purchase of the Shares and the Note hereunder. Toshiba acknowledges that the ACC Entities have given Toshiba reasonable access to the ACC Entities and the key employees, documents and facilities of the Business. Toshiba has undertaken such further investigation and has requested such additional documents and information as it deems necessary. Toshiba agrees to accept the Shares and the Note on the Closing Date upon the terms and conditions contained herein based upon its own examination and determination with respect to the ACC Entities and the Business as to all matters, and without reliance upon any express or implied representations or warranties of any nature made by or on behalf of or imputed to Audiovox or the ACC Entities, except as expressly set forth in this Agreement. Notwithstanding the foregoing, this Section shall not affect in any manner the representations or warranties of ACC and Audiovox contained herein, or Toshiba's ability to rely thereon or Toshiba's rights with respect thereto.

5.6 RESTRICTED SECURITIES. Toshiba understands that the Shares and the Note are characterized as "restricted securities" under the Securities Laws inasmuch as they are being acquired from ACC in a transaction not involving a public offering, and that under the Securities Laws, the Shares and the Note may be resold without registration under the Securities Act only in certain limited circumstances. Toshiba is familiar with SEC Rule 144, as presently in effect, and understands the resale limitations imposed thereby and by the Securities Act. Toshiba understands that no public market now exists for the Shares or the Note, and that ACC has made no assurances that a public market will ever exist for the Shares or the Note.

5.7 LEGENDS. Toshiba understands that, in addition to any legend required by the Stockholders Agreement or applicable Laws, the certificates evidencing the Shares and the Note at Closing shall bear the following legend:

"THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE,

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PLEGGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION PROVISIONS OF APPLICABLE UNITED STATES FEDERAL, STATE AND FOREIGN SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM."

5.8 AVAILABILITY OF FUNDS. Toshiba has sufficient funds available to enable it to pay the Purchase Price to ACC in full pursuant to the terms of this Agreement and to perform its other obligations hereunder. Toshiba represents and warrants that its obligations under this Agreement are not subject to any condition regarding its ability to obtain funding.

#### 6. SURVIVAL; INDEMNIFICATION.

6.1 SURVIVAL OF REPRESENTATIONS AND WARRANTIES. The representations and warranties of the Parties contained in or made pursuant to this Agreement shall expire one (1) year after the Closing, except that (i) the representations and warranties contained in Section 4.4 (Capitalization), Section 4.9 (Taxes), Section 4.16 (Warranties), Section 4.23 (Benefit Plans) and Section 4.25 (Environmental Compliance) shall continue through the expiration of the applicable statute of limitations as the same may be extended, and (ii) if a claim or notice is given under this Section 6 with respect to any representation or warranty prior to the applicable expiration date, such representation or warranty shall continue indefinitely until such claim is finally resolved.

6.2 INDEMNIFICATION BY ACC AND AUDIOVOX. ACC and Audiovox shall jointly and severally indemnify and hold harmless Toshiba and its employees, Associates, Affiliates, representatives, advisors, agents and assigns (collectively, the "TOSHIBA INDEMNIFIED PERSONS") from and against any and all Losses as a result of, based upon or arising from:

(A) Any inaccuracy in or breach of any representation or warranty by ACC or Audiovox contained herein or in any schedule or certificate delivered by or on behalf of ACC or Audiovox at or prior to the Closing pursuant hereto.

(B) Any breach by ACC or Audiovox of, or any failure by either of them to perform or comply with, any of their respective obligations contained in this Agreement.

6.3 INDEMNIFICATION BY TOSHIBA. Toshiba shall indemnify and hold harmless ACC, Audiovox and their respective employees, Associates, Affiliates, representatives, advisors, agents and assigns from and against any and all Losses as a result of, based upon or arising from:

(A) Any inaccuracy in or breach of any representation or warranty by Toshiba contained herein or in any schedule or certificate delivered by or on behalf of Toshiba at or prior to the Closing pursuant hereto.

(B) Any breach by Toshiba of, or any failure by Toshiba to perform or comply with, any of its obligations contained in this Agreement.

6.4 LIMITS ON INDEMNIFICATION. Notwithstanding anything herein to the contrary, ACC and Audiovox shall not be obligated to indemnify the Toshiba Indemnified Persons under this Section 6 (i) unless the aggregate of indemnifiable Losses incurred by the Toshiba Indemnified Parties exceeds \$500,000 (the "INDEMNIFICATION THRESHOLD"), in which case the Indemnified Persons shall be entitled to recover the difference between their aggregate indemnifiable Losses

and a deductible amount of \$100,000, or (ii) to the extent that the aggregate of all of the indemnifiable Losses of the Toshiba Indemnified Parties exceeds the Purchase Price (the "INDEMNIFICATION CAP"); provided, however, that the Indemnification Threshold, the Indemnification Cap and the deductible amount shall not apply to any indemnification obligation of ACC or Audiovox (1) arising out of, relating to or resulting from fraud or intentional misrepresentation by ACC or Audiovox, or (2) from a breach of any of the representations or warranties of ACC and Audiovox contained in Section 4.4 (Capitalization) or Section 4.9 (Taxes).

#### 6.5 INDEMNIFICATION PROCEDURE.

(A) CLAIMS FOR INDEMNIFICATION. Whenever any claim shall arise for indemnification under this Section 6, the indemnified person making such claim shall promptly notify the indemnifying person in writing of the claim and, when known, the facts constituting the basis for such claim; provided that failure to give such notice shall not affect any rights or remedies of the indemnified person hereunder except to the extent that the indemnifying person is materially prejudiced thereby.

(B) DEFENSE. In connection with any claim giving rise to indemnity hereunder and upon request of the indemnified person seeking indemnification, the indemnifying person at its sole cost and expense shall assume the defense of any such claim and thereafter diligently conduct the defense thereof with counsel reasonably acceptable to the indemnified person. The indemnified person shall be entitled to participate in the defense of any claim assumed by an indemnifying person with the indemnified person's counsel and at its own expense. If the indemnifying person does not assume the defense of such action within thirty (30) days after written notice thereof from the indemnified person, and if the indemnified person elects at its option to assume the claim itself, the indemnified person may defend against such claim in such manner and on such terms as it may deem appropriate, including but not limited to settling such claim, such defense to be at the sole cost and expense of the indemnifying person. Notwithstanding the foregoing, without the prior written consent of the indemnified person, the indemnifying person shall not consent to the entry of any judgment or enter into any settlement (or have any liability for Losses with respect thereto) which does not include as an unconditional term thereof the giving by the claimant or plaintiff to the indemnified persons a release from all liability with respect to such claims.

(C) REASONABLE COOPERATION. The indemnified persons shall reasonably cooperate at the indemnifying person's expense in any Proceedings with respect to any claim in respect of which indemnity is provided pursuant to this Section 6, including, but not limited to, by providing the indemnifying person with reasonable access to employees and officers (including as witnesses) and other information.

6.6 NOTICE BY INDEMNIFYING PERSONS. The indemnifying persons shall notify the indemnified persons of any Liabilities, claims or misrepresentations, breaches or other matters covered by this Section 6 upon discovery or receipt of notice thereof, whether before or after the Closing.

6.7 REDUCTION OF INTERCOMPANY NOTE. Audiovox may, at its option and to the extent that there are amounts outstanding under the Intercompany Note, satisfy its indemnification obligations hereunder by reducing the outstanding balance of the Intercompany Note by the amount of any Losses suffered by a Toshiba Indemnified Person that are indemnifiable by

Audiovox under this Section 6; provided that the Toshiba Indemnified Persons shall be entitled to receive cash as reimbursement for any cash payments made to third parties in respect of Losses that are indemnifiable by Audiovox under this Section 6.

6.8 NO RIGHT OF SUBROGATION. Audiovox shall have no right of subrogation, reimbursement or similar right against any ACC Entity with respect to Audiovox's indemnity obligations under this Section 6. Audiovox hereby irrevocably waives all such rights, and agrees not to institute any Proceedings against Toshiba or the ACC Entities with respect to the same.

6.9 NOT EXCLUSIVE REMEDY. This Section 6 shall not be deemed to preclude or otherwise limit in any way the exercise of any other rights or the pursuit of any other remedies for the breach of this Agreement or with respect to any inaccuracy of representations or warranties contained herein.

6.10 NO DUPLICATION. No indemnified person shall be entitled to any duplication of reimbursement or indemnification with respect to any claims which constitute a breach of more than one representation, warranty, covenant or agreement contained in this Agreement, provided that such claims are reimbursed or indemnified to the full extent provided for hereunder.

## 7. CONFIDENTIALITY; PUBLICITY.

7.1 CONFIDENTIAL INFORMATION. The Parties recognize that, in connection with the performance of the transactions contemplated hereby, each Party (in such capacity, the "DISCLOSING PARTY") may disclose Confidential Information to the other Parties (each in such capacity, the "RECEIVING PARTY"). For purposes of this Agreement, "CONFIDENTIAL INFORMATION" means any and all information (whether owned by the Disclosing Party or any Person to whom the Disclosing Party owes a non-disclosure obligation) regarding the Disclosing Party and its business which is (i) in written or other tangible form and marked with a legend which identifies the information as confidential, or (ii) in oral or visual form, identified as being confidential at the time of disclosure and thereafter summarized in a writing which identifies the information as confidential and is transmitted to a Receiving Party within thirty (30) days after such oral or visual disclosure.

7.2 CONFIDENTIALITY OBLIGATION. Each Receiving Party agrees for a period of two (2) years after the receipt of any Confidential Information (i) to protect the Confidential Information and not to disclose the Confidential Information to any Person, utilizing the same degree of care the Receiving Party utilizes to protect its own confidential information of a similar nature, and (ii) not to utilize the Confidential Information for any purpose other than in connection with the transactions contemplated hereby. The Parties agree to restrict distribution of the Confidential Information to those Persons involved in the subject of the discussions who have a "need to know" such information in connection with the discussions.

7.3 EXCEPTIONS. Notwithstanding the provisions of Section 7.2, each Receiving Party shall have no obligation to maintain the confidentiality of any information, and the Confidential Information shall not include any information, that (i) is or becomes generally available in the public domain other than through unauthorized or improper disclosure by the Receiving Party, (ii) was validly in the Receiving Party's possession prior to disclosure by a Disclosing Party, (iii) was independently developed by the Receiving Party, or (iv) was received by the Receiving Party from another Person without violation of any confidentiality obligations.

7.4 DISPOSAL OF CONFIDENTIAL INFORMATION. Within thirty (30) days of the termination of this Agreement, upon the applicable Disclosing Party's request, each Receiving Party shall return to the Disclosing Party or destroy all Confidential Information (including copies and electronic records thereof).

7.5 PUBLICITY. Subject to applicable Law and the applicable rules or regulations of any stock exchange on which the securities of any Party are then traded, no Party shall issue any press release, publicity statement, communication with stockholders, public notice or other public disclosure relating directly to this Agreement or the transactions contemplated hereby without prior notice to, consultation with, and the consent of the other Party. Notwithstanding the foregoing, so long as the disclosing Party reasonably attempts to consult with and obtain the consent of the other Parties, limits the applicable disclosure to the extent practicable and provides a copy of the disclosure to the non-disclosing Party concurrently with or in advance of its public release, such consultation and consent shall not be required if a Party must make a public disclosure on an emergency basis in order to comply with applicable securities Laws.

## 8. GENERAL PROVISIONS.

8.1 GOVERNING LAW. This Agreement shall be construed and interpreted in accordance with and governed by the Laws of the State of New York, U.S.A., including, without limitation, Section 5-1401 of the General Obligations Law of the State of New York (without regard to the choice of law provisions thereof). Judgement upon an award rendered by the arbitrators pursuant to Section 8.2 shall be entered in the courts of the State of New York, and the Parties hereby submit to the exclusive jurisdiction of such courts for the purpose of any such entry. The Parties agree and consent that services of process may be made upon the Parties in any legal proceedings relating hereto by any means allowed under applicable Law.

### 8.2 DISPUTE RESOLUTION.

(A) The Parties intend that all disputes between the Parties arising out of this Agreement shall be settled by the Parties amicably through good faith discussions upon the written request of either Toshiba or Audiovox. In the event that any such dispute cannot be resolved thereby within a period of sixty (60) calendar days after such notice has been given, such dispute shall be finally settled by binding arbitration at the request of Toshiba or Audiovox.

(B) Each arbitration hereunder shall be conducted in the English language in New York, New York, and shall be administered by the American Arbitration Association under its Commercial Arbitration Rules then in effect, before three (3) independent arbitrators to be appointed as follows. Toshiba and Audiovox shall each appoint one (1) arbitrator, and the two (2) arbitrators so appointed shall appoint a third arbitrator in accordance with paragraph (c) of AAA Rule R-15 (Appointment of Neutral Arbitrator by Party-Appointed Arbitrators or Parties) currently in effect. However, in all events, these arbitration provisions shall govern over any conflicting rules which may now or hereafter be contained in the applicable rules.

(C) Toshiba and Audiovox each may demand arbitration by filing a written demand with the other Party within one hundred eighty (180) calendar days after the expiration of the sixty (60) day period described above. The arbitrators shall have the authority to grant any equitable and legal remedies that would be available in any judicial proceeding intended to resolve a dispute, including the termination of this Agreement. Notwithstanding the foregoing, Toshiba

and Audiovox each shall be entitled to seek preliminary injunctive relief from any court of competent jurisdiction, pending the final decision or award of the arbitrators. The award rendered in an arbitration hereunder shall be final and non-appealable.

8.3 NOTICES AND OTHER COMMUNICATIONS. Any and all notices, requests, demands and other communications required or otherwise contemplated to be made under this Agreement shall be in writing and in English and shall be provided by one or more of the following means and shall be deemed to have been duly given (a) if delivered personally, when received, (b) if transmitted by facsimile, on the first (1st) Business Day following receipt of a transmittal confirmation, or (c) if by international courier service, on the third (3rd) Business Day following the date of deposit with such courier service, or such earlier delivery date as may be confirmed in writing to the sender by such courier service. All such notices, requests, demands and other communications shall be addressed as follows:

If to Toshiba:

Toshiba Corporation  
Mobile Communications Company  
1-1, Shibaura 1-chome, Minato-ku  
Tokyo 105-8001  
Japan

Attention: General Manager, International Operations  
Telephone: -81-3-3457-3241  
Facsimile: -81-3-3457-8194

If to Audiovox:

Audiovox Corporation  
150 Marcus Blvd.  
P.O. Box 18000  
Hauppauge, NY 11788-1800  
U.S.A.  
Attention: Charles M. Stoehr  
Telephone: (631) 436-6505  
Facsimile: (631) 231-1370

If to ACC:

Audiovox Communications Corp.  
555 Wireless Boulevard  
  
Hauppauge, New York 11788  
U.S.A.  
  
Attention: Philip Christopher  
Telephone: (631) 233-3300  
Facsimile: (631) 951-0784

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With a copy to:

Levy & Stopol, LLP  
East Tower, 14th Floor  
190 EAB Plaza  
Uniondale, NY 11556-0190  
Telephone: (516) 802-7007  
Facsimile: (516) 802-7008

or to such other address or facsimile number as a Party may have specified to the other Parties in writing delivered in accordance with this Section 8.3.

8.4 SEVERABILITY. If any provisions of this Agreement shall be held to be illegal, invalid or unenforceable, the Parties agree that such provisions will be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby. If necessary to effect the intent of the Parties, the Parties will negotiate in good faith to amend this Agreement to replace the unenforceable language with enforceable language which as closely as possible reflects such intent.

8.5 AMENDMENTS. This Agreement may be amended or modified only by a written instrument signed by each Party.

8.6 WAIVER. Any waiver by a Party of an instance of another Party's noncompliance with any obligation or responsibility herein contained shall be in writing and signed by the waiving Party and shall not be deemed a waiver of other instances of another Party's noncompliance hereunder.

8.7 NO ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the Parties. Nothing in this Agreement shall confer any rights upon any Person other than the Parties and their respective successors and permitted assigns. No Party may assign this Agreement or its rights hereunder to any Person without the written consent of the other Parties. No assignment by any Person of this Agreement or of any of such Person's rights hereunder shall release such Person from any of its obligations hereunder. Any attempted assignment of this Agreement in violation of this Section 8.7 shall be void and of no effect.

8.8 EXPENSES. Toshiba shall bear all out-of-pocket costs and expenses (including, without limitation, attorney's, accountant's and financial advisor's fees) incurred by it in connection with the negotiation and execution of the Transaction Agreements. Audiovox shall bear all out-of-pocket costs and expenses (including, without limitation, attorney's, accountant's and financial advisor's fees) incurred by it, the ACC Entities or their respective Affiliates or Associates in connection with the negotiation and execution of the Transaction Agreements.

8.9 CONSTRUCTION. This Agreement has been negotiated by the Parties and their respective counsel and shall be fairly interpreted in accordance with its terms and without any strict construction in favor of or against any Party.

8.10 INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT. Unless the context shall

otherwise require, any pronoun shall include the corresponding masculine, feminine and neuter forms, and words using the singular or plural number shall also include the plural or singular number, respectively. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation". All references herein to Articles, Sections, Annexes, Exhibits and Schedules shall be deemed to be references to Articles and Sections of, and Annexes, Exhibits and Schedules to, this Agreement unless the context shall otherwise require. The headings of the Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretations of this Agreement. Unless the context shall otherwise require, any reference to any agreement or other instrument or statute or regulation is to such agreement, instrument, statute or regulation as amended and supplemented from time to time (and, in the case of a statute or regulation, to any successor provision). Any reference in this Agreement to a "day" or a number of "days" (without the explicit qualification of "Business") shall be interpreted as a reference to a calendar day or number of calendar days. If any action or notice is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action or notice shall be deferred until, or may be taken or given, on the next Business Day.

8.11 DISCLAIMER OF AGENCY. This Agreement shall not constitute any Party as a legal representative or agent of any other Party, nor shall a Party have the right or authority to assume, create or incur any Liability of any kind, expressed or implied, against or in the name or on behalf of another Party or any of its Affiliates.

8.12 LANGUAGE. The Parties have negotiated this Agreement in the English language, which shall be the governing language of this Agreement.

8.13 RELATIONSHIP OF THE PARTIES. Nothing contained in this Agreement is intended to, or shall be deemed to, create a partnership or joint venture relationship among the Parties or any of their Affiliates for any purpose, including tax purposes. None of the Parties nor any of their respective Affiliates will take a position contrary to the foregoing.

8.14 SPECIFIC PERFORMANCE. The Parties agree that each other Party shall be entitled to obtain an injunction or injunctions in accordance with the dispute resolution procedures contained in Section 8.2 to prevent breaches of the provisions of this Agreement, or any agreement contemplated hereunder and to enforce specifically the terms and provisions hereof, in each instance without being required to post bond or other security, without being required to prove irreparable harm, and in addition to, and without having to prove the adequacy of, other remedies at Law.

8.15 CONSEQUENTIAL AND OTHER DAMAGES. No Party shall be liable to the other Party under any contract, negligence, strict liability or other theory for any indirect, incidental, consequential, punitive or other special damages (including without limitation lost profits) asserted by the other Party.

8.16 ENTIRE AGREEMENT. The provisions of this Agreement, the Schedules and Exhibits hereto and the other Transaction Agreements set forth the entire agreement and understanding among the Parties as to the subject matter hereof and supersede all prior agreements, oral or written, and all other prior communications among the Parties relating to the subject matter hereof.

8.17 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be binding as of the date first written above, and all of which shall constitute one and the same instrument. Each such counterpart shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

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IN WITNESS WHEREOF, the Parties have caused their respective duly authorized representatives to execute this Securities Purchase Agreement as of the date first above written.

TOSHIBA CORPORATION,

a Japanese corporation, acting through its  
Mobile Communications Company

By: s/ Tetsuya Mizoguchi

-----  
Name: Tetsuya Mizoguchi  
Title: President and CEO,  
Mobile Communications  
Company

AUDIOVOX COMMUNICATIONS

CORP.,

a Delaware corporation

By: s/ Philip Christopher

-----  
Name: Philip Christopher  
Title: Chief Executive Officer

AUDIOVOX CORPORATION,

a Delaware corporation

By: s/ John J. Shalam

-----  
Name: John J. Shalam  
Title: Chief Executive Officer

Exhibit 99.2

ANNEX I

CERTAIN DEFINITIONS

"ACC'S KNOWLEDGE" or the "KNOWLEDGE OF ACC" shall mean the knowledge of Philip Christopher, Michael Stoehr and Neil Levine after reasonable investigation of the matter in question.

"AFFILIATE" of a specified Person means any Person that controls, is controlled by or is under common control with such specified Person. For purposes of this definition, "CONTROL" shall mean the possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or other ownership interests, by contract or otherwise).

"APPROVAL" means, as to any Person, any consent, approval, authorization, waiver, grant, concession, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, such Person.

"ASSOCIATE" of a Person means:

(i) any officer or director of such Person, or other Person serving in a similar role with respect to such Person;

(ii) any corporation or other entity (other than Audiovox or any ACC Entity) of which such Person or any Person specified in clause (i) is an officer, partner, manager or Person serving in a similar role, or is, directly or indirectly, the beneficial owner of 5% or more of any class of equity securities;

(iii) any trust or other estate in or as to which such Person or any Person specified in clauses (i) or (ii) has a 10% or greater beneficial interest or serves as trustee or in a similar capacity; or

(iv) any relative or spouse of such Person or any Person specified in clause (i), or any relative of such spouse.

"BUSINESS" means the research, development, design, manufacture, marketing, sale and/or service of Products.

"BUSINESS DAY" means a day on which commercial banks in New York City are generally open to conduct their regular banking business.

"CONTRACT" means any contract, agreement, lease, plan, instrument or other document, commitment, arrangement, undertaking, practice, understanding or authorization, in each case whether or not in writing.

"GOVERNMENT APPROVAL" means any Approval of, to or with any Governmental Authority.

"GOVERNMENTAL AUTHORITY" shall mean any federation, nation, state, sovereign or government, any federal, supranational, regional, state, local or municipal political subdivision,

any governmental or administrative body, instrumentality, department or agency, or any court, administrative hearing body, arbitrator, commission or other similar dispute resolving panel or body, and any other entity exercising executive, legislative, judicial, regulatory or administrative functions of a government.

"INTELLECTUAL PROPERTY" means all patents, trademarks, service marks, trade names, copyrights, trade secrets, know-how, technology, software and other intellectual property and proprietary rights owned by the ACC Entities that are material to or reasonably necessary to the conduct of the ACC Entities' business as presently conducted or presently proposed by the Company to be conducted; provided, however, that computer software, computer programs and source disks, and related program documentation, tapes, manuals, forms, guides and other materials that are licensed to Audiovox or any ACC Entity shall not constitute or be deemed to constitute Intellectual Property for any purposes of this Agreement.

"LAWS" means all applicable provisions of all (i) constitutions, treaties, statutes, laws (including common law), rules, regulations, ordinances or codes of any Governmental Authority, and (ii) orders, decisions, injunctions, judgments, awards and decrees of any Governmental Authority.

"LEGAL REQUIREMENT" shall mean any federal, state, regional, local, municipal, foreign or other Law, statute, legislation, constitution, principle of common law or equity, resolution, ordinance, code, edict, decree, proclamation, treaty, convention, rule, regulation, permit, ruling, directive, pronouncement, requirement (licensing or otherwise), specification, determination, decision, opinion or interpretation that is, has been or may in the future be issued, enacted, adopted, passed, approved, promulgated, made, implemented or otherwise put into effect by or under the authority of any Governmental Authority.

"LIABILITY" shall mean any direct or indirect liability, indebtedness, obligation, expense, cost, claim, loss, damage, deficiency, guaranty or endorsement of or by any Person, absolute or contingent, accrued or unaccrued, due or to come due, liquidated or unliquidated, whether or not made or asserted, in each case to the extent required by GAAP to be reflected or reserved against on a balance sheet.

"LIEN" shall mean any lien, mortgage, security interest, pledge, restriction on transferability, defect of title or other claim, charge or encumbrance of any nature whatsoever on any property or property interest, including any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership.

"LOSS" means any Proceeding, cost, damage, disbursement, expense, liability, loss, deficiency, diminution in value, obligation, penalty or settlement of any kind or nature, whether foreseeable or unforeseeable, including, without limitation, interest or other carrying costs, penalties, legal, accounting and other professional fees and expenses incurred in the investigation, collection, prosecution and defense of claims and amounts paid in settlement, that may be imposed on or otherwise incurred or suffered by the specified Person.

"MATERIAL ADVERSE EFFECT" means a material adverse effect on the ACC Entities or their respective business, assets, results of operation, financial condition or prospects, taken as a whole, or the ability of Audiovox or ACC to perform its respective obligations under the Transaction Agreements.

"MATERIAL CONTRACTS" means all Contracts that are material to the ACC Entities, including all Contracts (i) obligating any ACC Entity to pay an amount of \$1,000,000 or more; (ii) expressly limiting or restricting the ability of any ACC Entity to compete or otherwise to conduct its business in any manner or place; (iii) pursuant to which any ACC Entity has incurred or may incur money indebtedness of \$1,000,000 or more; (iv) providing for the use of or limiting the use of any Intellectual Property; (v) all leases of real property or material personal property; (vi) any joint venture, partnership, cooperative arrangement or any other Contract involving a sharing of profits; and (vii) any Contract related to the acquisition of a business or an ownership interest in any other Person.

"ORGANIZATIONAL DOCUMENTS" of a Person means its Certificate of Incorporation, Bylaws or other organizational documents.

"PERMITTED LIENS" means (i) Liens reserved against in the Financial Statements (including any notes thereto) to the extent so reserved, (ii) mechanics', carriers', workers', repairers', materialmen's, warehousemen's and other similar Liens arising out of operation of Law with respect to a Liability incurred in the ordinary course of business, (iii) Liens for Taxes which are being contested in good faith by appropriate Proceedings or Liens for Taxes not yet due, (iv) Liens disclosed on Section 4.11 of the Disclosure Schedule, and (v) such other Liens that have not had and would not be reasonably likely to materially detract from the value of or impair the use of the property subject thereto.

"PERSON" means a natural individual, Governmental Authority, partnership, firm, corporation or other entity.

"PROCEEDING" shall mean any action, litigation, arbitration, suit, claim, proceeding or investigation or review of any nature, civil, criminal, regulatory or otherwise, before any Governmental Authority.

"PRODUCTS" shall have the meaning set forth in the Distribution Agreement.

"SEC" means the U.S. Securities Exchange Commission.

"SECURITIES" of a Person means shares of capital stock, other equity securities of the Person, and options, warrants, convertible securities, exchangeable securities or other rights to acquire capital stock or other equity securities of the Person.

"SECURITIES ACT" means the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

"SECURITIES LAWS" means the Securities Act, the U.S. Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

"TAX RETURN" shall mean any return, statement, declaration, notice, certificate or other document that is or has been filed with or submitted to, or required to be filed with or submitted to, any Governmental Authority in connection with the determination, assessment, collection or payment of any Tax or in connection with the administration, implementation or enforcement of or compliance with any Legal Requirement related to any Tax.

"TAXES" shall mean (i) all taxes, charges, fees, levies, or other assessments, imposed by any taxing authority, including income, gross receipts, excise, property, sales, use, transfer, payroll, license, ad valorem, value added, withholding, social security, national insurance (or other similar contributions or payments), franchise, estimated, severance and stamp taxes (including any interest, fines, penalties or additions attributable to, or imposed on or with respect to, any such taxes, charges, fees, levies or other assessments), (ii) liability of a Person for the payment of any amounts of the type described in clause (i) as a result of being a member of an affiliated, consolidated, combined, unitary or similar group, and (iii) liability of a Person for the payment of any amounts of the type described in clause (i) as a result of any express or implied obligation to indemnify any other Person.

Exhibit 99.2

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LIST OF EXHIBITS

Exhibit 1 - - - - -	Non-Negotiable Subordinated Convertible Promissory Note
Exhibit 2.2(c)(i)	Stockholders Agreement
Exhibit 2.2(c)(ii)	Distribution Agreement
Exhibit 2.2(c)(iii)	Philip Christopher Employment Agreement
Exhibit 2.2(c)(iv)	Trademark License Agreement
Exhibit 2.2(c)(v)	Shared Services Agreement
Exhibit 2.2(c)(vii)	Non-Negotiable Demand Note

## STOCKHOLDERS AGREEMENT

THIS STOCKHOLDERS AGREEMENT (this "AGREEMENT") is made and entered into as of May 29, 2002 by and among TOSHIBA CORPORATION, a Japanese corporation, acting through its Mobile Communications Company ("TOSHIBA"), AUDIOVOX CORPORATION, a Delaware corporation ("AUDIOVOX"), and AUDIOVOX COMMUNICATIONS CORP., a Delaware corporation ("ACC"). Toshiba and Audiovox are referred to herein collectively as the "PARTIES" and each individually as a "PARTY".

### RECITALS

A. ACC, Audiovox and Toshiba have entered into the Securities Purchase Agreement dated as of the date hereof (the "SECURITIES PURCHASE AGREEMENT"), pursuant to which Toshiba is acquiring (i) shares of ACC's Class B Common Stock, no par value per share, and (ii) a subordinated convertible promissory note of ACC (the "NOTE"). After giving effect to such acquisition, Audiovox will own seventy-five percent (75%) and Toshiba will own twenty-five percent (25%), respectively, of ACC's outstanding capital stock.

B. The Parties and ACC desire to enter into this Agreement at the Closing as contemplated by the Securities Purchase Agreement.

C. Certain terms used herein have the meanings set forth for such terms in the text of this Agreement or in Annex I hereto. Unless otherwise defined herein, terms used herein that are defined in the Securities Purchase Agreement shall have the same meanings set forth for such terms in the Securities Purchase Agreement.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties and ACC hereby agree as follows:

### AGREEMENT

#### 1. OPERATION AND MANAGEMENT OF ACC.

1.1 BOARD OF DIRECTORS. ACC will be managed by its Board of Directors (the "BOARD") in accordance with the terms of this Agreement, ACC's Organizational Documents and applicable Law. The Board shall consist of five (5) directors ("DIRECTORS"), four (4) of whom shall be appointed by Audiovox and one (1) of whom shall be appointed by Toshiba. Toshiba shall also have the right to appoint one (1) Board observer, who shall be entitled to attend Board proceedings. Such Board observer may share information with Toshiba and its representatives but shall otherwise treat all information learned at such proceedings in confidence. Each Party shall exercise all voting rights with respect to its Securities and take such other necessary action in order to ensure that the composition of the Board is as set forth in this Section 1.1. The Directors and all observers shall be individuals of good moral character and unaffiliated with any competitor of ACC.

1.2 REMOVAL; REAPPOINTMENT OF DIRECTORS. Each Party shall have the right, in its

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sole discretion, to remove at any time any Director appointed by such Party pursuant to Section 1.1, effective upon delivery of written notice to ACC and the other Party. In the case of a vacancy in the office of a Director for any reason (including removal pursuant to the preceding sentence), the vacancy shall be filled by the Party that appointed the Director to which such vacancy relates. Toshiba may remove and/or replace its Board observer described in Section 1.1 at any time at its sole discretion, effective upon delivery of written notice to ACC and Audiovox.

#### 1.3 BOARD MEETINGS.

(A) Each Director shall have the authority to convene Board meetings. Absent a contrary decision by the Board, meetings shall be held on Business Days at the offices of ACC. Directors may attend Board meetings in person or by any other means of attendance permitted under applicable Law, including by telephone.

(B) The Board shall meet at least quarterly, and written notice of all

Board meetings shall be given to each Director and each Party not less than ten (10) days in advance of each meeting. The ten (10)-day period may be shortened by written waiver of the Director in question or actual attendance by such Director, without objection, at a Board meeting. Additionally, each Director shall promptly cooperate in good faith to attend or waive notice with respect to Board meetings that must be held on less than ten (10) days notice due to operational emergencies (a Director's failure to so cooperate in good faith with respect to any Board meeting shall be deemed to constitute such Director's waiver of notice with respect to such meeting). Minutes of Board meetings shall be prepared by ACC in English, and shall be distributed to each Director reasonably promptly following such meeting.

1.4 BOARD QUORUM; VOTING; RESOLUTIONS. Subject to Section 1.5, (a) a quorum shall be deemed to exist for purposes of Board actions so long as at least three (3) Directors are present, and (b) any action, determination or resolution of the Board shall require the affirmative vote of a majority of Directors present at a meeting at which a valid quorum pursuant to this Section 1.4 is present.

1.5 EXTRAORDINARY APPROVAL ITEMS. ACC shall not take or agree to take, and shall not permit any of its controlled Affiliates to take or agree to take, directly or indirectly, any of the following actions ("EXTRAORDINARY APPROVAL ITEMS") without the prior written approval of Toshiba.

(A) Subject to Section 4.5, amend or modify any of its Organizational Documents.

(B) Engage in any line of business that is outside the scope of the Business.

(C) Other than in the ordinary course of the Business, make any capital or other expenditures that, individually or together with all related expenditures, exceed twenty percent (20%) of the fair value of the total assets of ACC.

(D) Other than in the ordinary course of the Business, incur, guarantee or

otherwise become liable for, or grant Liens with respect to, any indebtedness that, individually or together with all related indebtedness, exceeds twenty percent (20%) of the fair value of the total assets of ACC.

(E) Issue or sell capital stock (or any rights to acquire capital stock) other than common stock.

(F) Declare or pay any dividends or other distributions (in cash or other property) on account of any equity securities, or redeem, retire, purchase or otherwise acquire any equity securities, other than to or from all stockholders on a pro rata basis in accordance with their respective holdings.

(G) Other than in the ordinary course of the Business, pay, purchase, redeem, retire or otherwise acquire, directly or indirectly, any indebtedness (including debt securities) that, individually or together with all related indebtedness, exceeds twenty percent (20%) of the fair value of the total assets of ACC, other than at maturity or pursuant to fixed or mandatory prepayments, redemptions or sinking funds in accordance with the terms of the applicable indebtedness.

(H) Merge or consolidate with or into another Person.

(I) Other than in the ordinary course of the Business, sell, lease or otherwise dispose of assets that, individually or together with all related disposed assets, exceed twenty percent (20%) of the fair value of the total assets of ACC.

(J) Other than in the ordinary course of the Business, (1) purchase or otherwise acquire (whether through a stock purchase, asset purchase, stock swap or otherwise) any business or assets that, individually or together with all related acquired businesses or assets, exceed twenty percent (20%) of the fair value of the total assets of ACC, or (2) enter into, terminate or materially amend the terms of any joint venture, partnership or similar transaction that, individually or together with all related transactions being undertaken, represent assets of ACC exceeding twenty percent (20%) of the fair value of the total assets of ACC.

(K) Except for Contracts with underwriters in connection with an IPO, enter into or amend any Contract that is outside the ordinary course of ACC's Business and, individually or together with related Contracts, involves aggregate commitments in excess of twenty percent (20%) of the fair value of the total assets of ACC.

(L) Change its independent accountants.

(M) Enter into or amend any Contract between ACC or its controlled Affiliates, on the one hand, and Audiovox or its Affiliates or their respective Associates, on the other hand, except for any Contracts or amendments thereto that are in good faith, in the ordinary course of the Business, and on terms that are at least as favorable to ACC as those available from third parties that are unaffiliated with Audiovox.

(N) File a petition for bankruptcy, dissolution or liquidation, make a general assignment for the benefit of creditors, appoint a receiver or trustee to take possession of all or substantially all of its assets, or take any other action with respect to winding up and dissolution.

(O) Adopt or amend any employee equity incentive plan providing that the holders' rights under the plan will be triggered or exercisable in case of a change of control of ACC (whether through an acquisition of a majority of ACC's capital stock, an acquisition of all or substantially all of ACC's assets or a similar event conveying control of ACC).

#### 1.6 OFFICERS.

(A) Toshiba shall have the right to designate individuals as officers of ACC in the following capacities: Executive Vice President; Chief Technology Officer for Toshiba Products; and Vice President for Merchandizing -- Toshiba Products. Toshiba shall also have the right to remove and replace its designees in a manner consistent with Section 1.2. Such officers designated by Toshiba shall have the duties set forth on Exhibit 1.6(a). Subject to the following conditions, the Board shall appoint Toshiba's designees to these positions. Such individuals shall be (1) qualified and competent in their positions in terms of experience, expertise, moral character, ability to interface with other ACC officers and employees and other relevant attributes, (2) unaffiliated with a competitor of ACC, (3) not impose an unreasonable expense on ACC, and (4) have the approval of the Chief Executive Officer (who may not withhold or withdraw his approval without reasonable cause). The Chief Executive Officer, in his discretion, may also hire additional individuals proposed by Toshiba as employees of ACC, and the Board, in its discretion, may appoint one or more of such individuals as officers of ACC.

(B) All other officers of ACC shall be appointed by the Board, in its discretion, including the Chief Executive Officer and the Chief Financial Officer.

(C) Each officer of ACC shall be qualified and competent for his position in terms of experience, expertise, moral character and other relevant attributes.

1.7 STOCKHOLDERS' MEETINGS. Each fiscal year ACC shall have an annual stockholders meeting and such other stockholders meetings as may be convened by the Board. Each stockholders meeting shall be convened at such time and place determined by the Board. Stockholders of ACC shall receive notice of each stockholders' meeting at least two (2) weeks before the scheduled date of the meeting. Minutes of stockholders meetings shall be prepared by ACC in English, and shall be distributed to each Party reasonably promptly following each meeting.

1.8 BUDGETS AND PLANS. The CEO and the Executive Vice President appointed by Toshiba shall prepare in consultation with Toshiba and submit to the Board for its review and approval, and the Board shall approve (with such amendments and modifications as it deems appropriate), the budgets and plans described in this Section 1.8 based on ACC's Product roadmap and Product Plan provided for under Section 7.3 and Section 7.4 of the Distribution Agreement.

(A) ANNUAL AND SEMI-ANNUAL BUDGETS. Annual and semi-annual budgets, setting forth (1) profit and loss information, including sales and units sold by supplier and gross margin by supplier, (2) balance sheet information, including inventory by supplier, accounts receivable, accounts payable and borrowings, (3) cash flow information, and (4) other budget information determined by the Parties.

(B) MID-TERM BUSINESS PLAN. A mid-term business plan covering a three-year period and setting forth ACC's business, sales and service strategy and the information described in clauses (1) through (4) of Section 1.8(a).

1.9 ORGANIZATIONAL DOCUMENTS. The Organizational Documents of ACC shall be in the form of Exhibit 1.9(a) (Certificate of Incorporation) and Exhibit 1.9(b) (Bylaws), with such amendments and modifications as may be adopted in accordance herewith.

1.10 TERMINATION UPON ACC'S QUALIFIED IPO. This Section 1 shall terminate upon the consummation by ACC of a Qualified IPO. Notwithstanding the foregoing, so long as the shares of Common Stock owned by Toshiba and/or issuable to Toshiba upon the conversion of the Note (to the extent that Toshiba is then entitled to convert the Note into Common Stock in accordance with its terms) collectively constitute at least ten percent (10%) of ACC's Common Stock then issued and outstanding, Toshiba shall have the right to appoint one (1) Director following the Qualified IPO; provided that Toshiba shall not have such Director appointment right if, notwithstanding Audiovox's good faith efforts to preserve Toshiba's Director appointment right, the managing underwriter for the Qualified IPO advises the Board in writing that Toshiba's retention of its Director appointment right following a Qualified IPO would harm ACC's prospects for achieving a Qualified IPO.

## 2. FINANCING MATTERS.

### 2.1 PREEMPTIVE RIGHTS.

(A) Each Party shall have a preemptive right to purchase a pro rata portion (equal to such Party's then current Company Interest) of any new issuances of Securities by ACC, except for (i) warrants, stock options and shares issued or granted to employees of ACC for services rendered or to be rendered in accordance with equity incentive plans adopted by the Board, and (ii) Common Stock issued by ACC in a Qualified IPO. ACC agrees to notify each Party in writing of any proposed new issuance of Securities to which the Parties have preemptive rights under this Section, setting forth the terms of such issuance. Each Party shall notify the other Party and ACC, within fourteen (14) days after receipt of such notice, of its decision to participate in any proposed new issuance of Securities (failure to provide such notification during such period shall constitute an election not to participate). In the event that a Party elects not to subscribe for such Party's full pro rata share of any newly issued Securities, the other Party shall be entitled to purchase any of the unsubscribed Securities.

(B) This Section 2.1 shall terminate upon the consummation by ACC of, and shall not apply to ACC's issuance of shares in, a Qualified IPO.

2.2 DEBT FINANCING. Notwithstanding anything contained herein to the contrary, neither Party shall be obligated to provide financing or financial support to ACC of any kind or nature, including loans or guarantees to third parties for ACC's benefit. This Section 2.2 shall not affect in any manner the rights and obligations of Toshiba and ACC under Section 8.2 (Payment) of the Distribution Agreement.

### 3. TRANSFER RESTRICTIONS; IPO; REGISTRATION RIGHTS.

#### 3.1 GENERAL.

(A) Neither Party shall, directly or indirectly, sell, assign, dispose of, pledge, collateralize, encumber or otherwise transfer ("TRANSFER") all or any portion of its Securities or any interest therein other than in accordance with this Section 3. Any transfer of Securities or any interest therein contrary to the provisions of this Section 3 shall be null and void. Notwithstanding the foregoing, transfers among members of each Party's Control Group shall be permitted, provided that (i) no such transfer shall be made unless the proposed Control Group transferee has agreed in a writing satisfactory to the other Party to be bound by the terms of this Agreement, and (ii) the Party who is the direct or indirect parent of the Control Group transferee shall remain fully bound by the terms hereof following such transfer and shall be responsible for any breach by its Control Group transferee of the terms hereof.

(B) Each certificate representing Securities held by a Party shall bear the following legend:

"Transfer of the securities represented by this certificate is restricted pursuant to the Certificate of Incorporation of Audiovox Communications Corp. and the Stockholders Agreement dated as of May 29, 2002, by and among Audiovox Corporation, Toshiba Corporation and Audiovox Communications Corp., copies of which are on file at the principal office of Audiovox Communications Corp."

3.2 NO TRANSFERS FOR ONE YEAR. Except for transfers among Control Group members made in accordance with Section 3.1(a), neither Party shall transfer all or any portion of its Securities or any interest therein for one (1) year following the date hereof without the prior written consent of the other Party.

3.3 IPO. An initial public offering of ACC's Securities ("IPO") shall not occur prior to the first anniversary of the date hereof.

#### 3.4 FIRST REFUSAL AND TAG-ALONG RIGHTS PRIOR TO AN IPO.

(A) In the event that either Party wishes to transfer Securities at any time after one (1) year following the date hereof, such Party (the "TRANSFERRING PARTY") shall first deliver to the other Party (the "NOTIFIED PARTY") a written notice (an "OFFER NOTICE") stating the Transferring Party's desire to transfer Securities. The Offer Notice shall set out the number of

Securities proposed to be transferred (the "OFFERED SECURITIES"), the identity of the proposed transferee and the price and all other material terms and conditions of the proposed transfer.

(B) For a period of thirty (30) days following receipt of an Offer Notice, the Notified Party shall have the right to elect either (i) to purchase, at the same price and on the same terms and conditions set forth in the Offer Notice, all, but not less than all, of the Offered Securities, or (ii) to include in the proposed transfer the Notified Party's pro rata share (equal to its then current Company Interest) of the Securities covered by the Offer Notice (and there shall be a corresponding reduction in the number of Offered Securities which the Transferring Party may include in the proposed transfer). Any election by a Notified Party under this Section 3.4(b) shall be made by delivering written notice of such election to the Transferring Party prior to the expiration of the thirty (30)-day exercise period. A Notified Party electing to purchase Offered Securities may effect such purchase by directing ACC to consummate the purchase, and if so directed ACC shall consummate the purchase in accordance with this Section 3.4, subject to compliance with applicable Law.

(C) Upon a Notified Party's valid delivery of its election notice to purchase Offered Securities under clause (i) of Section 3.4(b), the Transferring Party shall be legally obligated to sell, and the Notified Party shall be legally obligated to purchase, the Offered Securities on the terms and conditions set forth in the Offer Notice and in any event within thirty (30) days from the delivery date of the exercise notice, subject to the receipt of Approvals under applicable Law. If a Notified Party exercises its right to include Securities in a transfer pursuant to clause (ii) of Section 3.4(b), the Notified Party shall reasonably cooperate with the Transferring Party in connection with the consummation of the transfer, including by executing agreements relating to such transfer, making any filings or applications required under applicable Law and delivering to the transferee certificates (as applicable) representing the Notified Party's Securities to be included in the transfer. Promptly after the consummation of the transfer, the Transferring Party shall notify the Notified Party, shall remit to the Notified Party the total consideration for the Notified Party's Securities included in the transfer, and shall furnish such other evidence of the completion and time of completion of the transfer as may be reasonably requested by the Notified Party. Following any such transfer, such Offered Securities shall continue to be Securities subject to the terms of this Agreement. To evidence more fully that the Offered Securities remain subject to this Agreement, the transferee party shall acknowledge its agreement in writing to be bound by the terms of this Agreement as a condition to such transfer, such acknowledgement to be in a form reasonably acceptable to the Notified Party and its counsel. Upon satisfaction of such condition, the transferee party shall be subject to all of the obligations of the Transferring Party under this Agreement, subject to necessary adjustments.

(D) If the Notified Party (i) fails within the applicable thirty (30)-day period to deliver notice effecting the exercise of its rights to purchase Offered Securities under clause (i) of Section 3.4(b) or include Securities in a transfer under clause (ii) of Section 3.4(b) or (ii) exercises its rights to purchase Offered Securities but fails to satisfy its obligation to purchase all of the Offered Securities within thirty (30) days from the delivery date of the exercise notice (subject to the receipt of Approvals under applicable Law), then the Transferring Party shall have the right for ninety (90) days after the expiration of the applicable thirty (30)-day period to

transfer the Offered Securities on terms and conditions no less favorable to the Transferring Party than those specified in the Offer Notice. If the Offered Securities are not transferred within such ninety (90)-day period, such Offered Securities shall again become subject to the rights of the Notified Party set forth in Section 3.4(b).

3.5 REGISTRATION RIGHTS. Each Party shall have the registration rights and related indemnity rights and obligations set forth in the attached Exhibit 3.5.

3.6 NO TRANSFERS OF INTERCOMPANY NOTE. Audiovox shall not, directly or indirectly, transfer all or any portion of the Non-Negotiable Demand Note by ACC to Audiovox dated the date hereof (the "INTERCOMPANY NOTE") or any interest therein without the prior written consent of Toshiba, provided that transfers among Audiovox's Control Group members made in accordance with Section 3.1(a) shall be permitted. The Intercompany Note shall bear a legend consistent with Section 3.1(b) giving notice of this transfer restriction.

3.7 TERMINATION UPON ACC'S QUALIFIED IPO. Sections 3.1, 3.2, 3.3, 3.4 and 3.6 shall terminate upon the consummation by ACC of, and shall not apply to sales of ACC shares by a Party included in, a Qualified IPO; provided that:

(A) So long as a Party holds at least ten percent (10%) of ACC's issued and outstanding shares of Common Stock (by way of clarification, Toshiba's holdings of Common Stock for purposes of this Section 3.7 shall include the shares issuable upon conversion of the Note, to the extent that Toshiba is then entitled to convert the Note in accordance with its terms), such Party shall have the first refusal and tag-along rights set forth in Section 3.4 with respect to transfers of ACC Securities by the other Party following the Qualified IPO, except for sales of Common Stock by a Party to the public in one or more brokers transactions (as defined in Rule 144(g) of the Securities Act) or other non-negotiated transactions at the market price for the Common Stock then prevailing.

(B) Each Party shall be entitled to purchase any ACC shares that the other Party would otherwise include for sale in a Qualified IPO, pursuant to and subject to the purchasing Party's compliance with the following procedures.

(I) At least thirty (30) days prior to ACC's filing with the SEC of the registration statement containing the preliminary prospectus that is used for the "road show" for the Qualified IPO (the "PROSPECTUS FILING"), a Party that intends to include ACC shares for sale in the Qualified IPO shall provide written notice to ACC and the other Party of such intention and the number of ACC shares that the Party intends to include for sale (the "INCLUDED SHARES") (such Included Shares not to exceed the number of such Party's shares that the managing underwriter believes can be included for sale in the Qualified IPO without harming its prospects for success).

(II) Within ten (10) Business Days following the Prospectus Filing, if the other Party desires at its option to purchase such Included Shares, it shall deliver a written notice to ACC and the selling Party firmly committing the purchasing Party to purchase all (but not less than all) of the Included Shares at the IPO Price; provided that the purchasing Party shall

have no obligation to purchase the Included Shares if the Qualified IPO is not consummated within one hundred twenty (120) days following the Prospectus Filing. The selling Party's receipt of such notice shall firmly obligate the selling Party to sell its Included Shares to the purchasing Party on the terms set forth in the notice. Within ten (10) Business Days following the consummation of the Qualified IPO, the purchasing Party shall make payment in full for the Included Shares in immediately available funds against delivery of such shares.

(III) The "IPO PRICE" means the price per share to the public for shares issued by ACC in the Qualified IPO, less underwriting discounts and commissions and offering expenses per share, in each case as disclosed in the final prospectus for the Qualified IPO.

#### 4. ADDITIONAL COVENANTS.

##### 4.1 CONFIDENTIALITY; PUBLICITY.

(A) CONFIDENTIAL INFORMATION. The Parties (all references to "Party" and "Parties" in this Section 4.1 shall be deemed to include ACC) recognize that, in connection with the performance of the transactions contemplated hereby, each Party (in such capacity, the "DISCLOSING PARTY") may disclose Confidential Information to the other Parties (each in such capacity, the "RECEIVING PARTY"). For purposes of this Agreement, "CONFIDENTIAL INFORMATION" means any and all information (whether owned by the Disclosing Party or any Person to whom the Disclosing Party owes a non-disclosure obligation) regarding the Disclosing Party and its business which is (i) in written or other tangible form and marked with a legend which identifies the information as confidential, or (ii) in oral or visual form, identified as being confidential at the time of disclosure and thereafter summarized in a writing which identifies the information as confidential and is transmitted to a Receiving Party within thirty (30) days after such oral or visual disclosure.

(B) CONFIDENTIALITY OBLIGATION. Each Receiving Party agrees for a period of two (2) years after the receipt of any Confidential Information (i) to protect the Confidential Information and not to disclose the Confidential Information to any Person, utilizing the same degree of care the Receiving Party utilizes to protect its own confidential information of a similar nature, and (ii) not to utilize the Confidential Information for any purpose other than in connection with the transactions contemplated hereby. The Parties agree to restrict distribution of the Confidential Information to those Persons involved in the subject of the discussions who have a "need to know" such information in connection with the discussions.

(C) EXCEPTIONS. Notwithstanding the provisions of Section 4.1(b), each Receiving Party shall have no obligation to maintain the confidentiality of any information, and the Confidential Information shall not include any information, that (i) is or becomes generally available in the public domain other than through unauthorized or improper disclosure by the Receiving Party, (ii) was validly in the Receiving Party's possession prior to disclosure by a Disclosing Party, (iii) was independently developed by the Receiving Party, or (iv) was received by the Receiving Party from another Person without violation of any confidentiality obligations.

(D) DISPOSAL OF CONFIDENTIAL INFORMATION. Within thirty (30) days of the

termination of this Agreement, upon the applicable Disclosing Party's request, each Receiving Party shall return to the Disclosing Party or destroy all Confidential Information (including copies and electronic records thereof).

(E) PUBLICITY. Subject to applicable Law and the applicable rules or regulations of any stock exchange on which the securities of any Party are then traded, no Party shall issue any press release, publicity statement, communication with stockholders, public notice or other public disclosure relating directly to this Agreement or the transactions contemplated hereby without prior notice to, consultation with, and the consent of the other Party. Notwithstanding the foregoing, so long as the disclosing Party reasonably attempts to consult with and obtain the consent of the other Party, limits the applicable disclosure to the extent practicable and provides a copy of the disclosure to the non-disclosing Party concurrently with or in advance of its public release, such consultation and consent shall not be required if a Party must make a public disclosure on an emergency basis in order to comply with applicable securities Laws.

#### 4.2 FINANCIAL STATEMENTS.

(A) ANNUAL FINANCIAL STATEMENTS. Within ninety (90) days after the end of each fiscal year (or such shorter period for Form 10-K reporting that may be required by the SEC in the future), the Board shall cause to be prepared and delivered to each Party the statement of income (loss) and statement of cash flows of ACC for such fiscal year, the balance sheet of ACC as of the end of such fiscal year, and accompanying notes thereto. Such financial statements shall be audited by an internationally recognized accounting firm retained by ACC.

(B) QUARTERLY FINANCIAL STATEMENTS. Within forty-five (45) days after the end of each quarter (or such shorter period for Form 10-Q reporting that may be required by the SEC in the future), the Board shall cause to be prepared and delivered to each Party an unaudited statement of income (loss) and statement of cash flows of ACC for such quarter, an unaudited balance sheet of ACC as of the end of such quarter and, if applicable, accompanying notes thereto.

(C) MONTHLY FINANCIAL STATEMENTS. Within fifteen (15) days after the end of each month, ACC shall prepare and deliver to each Party an unaudited statement of income (loss) and statement of cash flows of ACC for such month, an unaudited balance sheet of ACC as of the end of such month and, if applicable, accompanying notes thereto. Monthly financial statements issued after the end of a quarter shall be subject to adjustment after review by ACC's officers responsible for financial affairs in the course of preparing the applicable quarterly or annual financial statements of ACC.

4.3 INSPECTION RIGHTS. ACC shall permit Audiovox and Toshiba to visit and inspect ACC's properties, to examine its financial books of account, records and other information requested by a Party and to discuss ACC's affairs, finances and accounts with ACC's Directors and employees, all at such reasonable times and upon reasonable notice as may be requested by a Party, provided that ACC's obligations of confidentiality to third parties are honored.

4.4 D&O LIABILITY INSURANCE. ACC shall maintain at all times a policy of directors' and officers' insurance with coverage amounts and other terms and conditions no less favorable

to ACC and its directors and officers than Audiovox's directors' and officers' insurance policy in effect on the date hereof.

4.5 COOPERATION IN CONNECTION WITH IPO. In connection with ACC's efforts to achieve an IPO, Toshiba and Audiovox shall reasonably cooperate in good faith and take such action as is reasonably necessary to effect the IPO. Without limiting the foregoing, notwithstanding Section 1.5(a), at a time reasonably prior to ACC's anticipated Qualified IPO, Toshiba shall agree to, shall cause its Director appointee to approve and shall vote its Securities to approve any amendments, modifications or restatements to ACC's Organizational Documents that are required in the good faith judgment of the Board upon consultation with ACC's counsel to achieve the Qualified IPO, such amendments, modifications and restatements to become effective immediately prior to the consummation of the Qualified IPO. Toshiba acknowledges and agrees that such amendments, modifications and restatements may include, without limitation, the reclassification of ACC's Class A Common Stock and Class B Common Stock into a single class of Common Stock. Notwithstanding the foregoing, except as provided in the foregoing sentence and except to the extent that Toshiba's rights hereunder terminate in case of a Qualified IPO in accordance with their terms, Toshiba shall not be obligated to amend, waive or forfeit any of its rights contained in the Transaction Agreements in order to achieve an IPO by ACC.

4.6 TERMINATION UPON ACC'S QUALIFIED IPO. Sections 4.2, 4.3 and 4.4 shall terminate upon the consummation by ACC of a Qualified IPO.

#### 5. REPRESENTATIONS AND WARRANTIES OF THE PARTIES.

Each Party hereby represents and warrants to the other Party as follows:

5.1 ORGANIZATION. Such Party is a corporation duly organized and validly existing under the Laws of its jurisdiction of organization and has the corporate power and authority to enter into and perform each Transaction Agreement to which it is a party.

5.2 PERMITS; APPROVALS. Such Party holds all Approvals, the absence of which would have a material adverse effect on such Party's ability to perform its obligations under the Transaction Agreements (a "MATERIAL ADVERSE EFFECT"), and there has been no default or violation under any such Approvals and there is no proceeding or investigation that is pending or, to such Party's knowledge, threatened under which any such Approval may be revoked, terminated or suspended, except for matters that would not have a Material Adverse Effect with respect to such Party.

5.3 AUTHORIZATION; EXECUTION AND DELIVERY; ENFORCEABILITY. All corporate action on the part of such Party necessary for the authorization, execution and delivery of each Transaction Agreement to which such Party is a party and for the performance of all of such Party's obligations thereunder has been taken. This Agreement has been duly executed and delivered by such Party. This Agreement constitutes a valid and legally binding obligation of such Party, enforceable against such Party in accordance with its terms.

5.4 GOVERNMENT AND OTHER CONSENTS. No Approvals of any Governmental

Authority or any other Person is required in connection with such Party's execution, delivery and performance of the Transaction Agreements to which such Party is a party, or if any such consent is required, such Party has satisfied the applicable requirements, except in each case for matters that would not have a Material Adverse Effect with respect to such Party.

5.5 EFFECT OF AGREEMENT. Such Party's execution, delivery and performance of each Transaction Agreement to which it is a party will not (i) violate the Organizational Documents of such Party or any provision of applicable Law, (ii) violate any judgment, order, writ, injunction or decree of any Governmental Authority applicable to such Party, (iii) result in the breach of, give rise to a right of termination, cancellation or acceleration of any obligation with respect to (presently or with the giving of notice, the passage of time or both), or otherwise be in conflict with any term of, or affect the validity or enforceability of, any Approval, Contract or commitment to which such Party is a party or is otherwise subject, or (iv) result in the creation of any Lien upon any assets of such Party, except in the case of clauses (ii), (iii) and (iv) for matters that would not have a Material Adverse Effect with respect to such Party.

5.6 PROCEEDINGS. There are no Proceedings pending or, to such Party's knowledge, threatened, against such Party before any Governmental Authority which question such Party's right to enter into or perform any Transaction Agreement to which such Party is a party, or which question the validity of this Agreement or any of the other Transaction Agreements.

## 6. TERM AND TERMINATION.

6.1 TERM. This Agreement shall become effective as of the date hereof and shall continue in effect hereafter until terminated pursuant to Section 6.2.

6.2 TERMINATION. This Agreement may only be terminated as follows:

(A) Upon the mutual written agreement of the Parties.

(B) At the election of either Party, if the other Party commences a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or taking possession by any such official in any involuntary case or other proceeding commenced against it, or makes a general assignment for the benefit of creditors, or fails generally to pay its debts as they become due, or take any corporate action to authorize any of the foregoing.

(C) At the election of either Party, if an involuntary case or other proceeding is commenced against the other Party seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for such Party or any substantial part of its property, and such involuntary case or other proceeding remains undismissed and unstayed for a period of one hundred twenty (120) days.

(D) At the election of Toshiba, if the Distribution Agreement is terminated by

ACC in accordance with Section 17.2(f) thereof and, at the time of such termination, Toshiba is in material compliance with all of its obligations under the Distribution Agreement.

(E) At the election of Toshiba, if the Distribution Agreement is terminated by Toshiba in accordance with Section 17.2(e) thereof.

(F) At the election of Audiovox, if the Distribution Agreement is terminated by Toshiba in accordance with Section 17.2(f) thereof and, at the time of such termination, ACC is in material compliance with all of its obligations under the Distribution Agreement.

6.3 EFFECT. A Party may exercise an election to terminate this Agreement pursuant to Section 6.2(b), 6.2(c), 6.2(d), 6.2(e) or 6.2(f), as applicable, by giving ACC and the other Party ten (10) days notice in accordance with Section 8.4. In the event of the termination of this Agreement pursuant to Section 6.2, this Agreement shall cease to have further force or effect and no Party shall have any liability to any other Party in respect to this Agreement, provided that:

(A) Termination of this Agreement for any reason shall not release any Party from any liability which has already accrued as of the effective date of such termination, and shall not constitute a waiver or release of, or otherwise be deemed to prejudice or adversely affect, any rights, remedies or claims, whether for damages or otherwise, which a Party may have hereunder, at Law, equity or otherwise or which may arise out of or in connection with such termination; and

(B) Section 4.1, Section 7 and Section 8 (other than Section 8.1) shall survive such termination and remain in full force and effect.

#### 7. PUT AND CALL RIGHTS UPON TERMINATION.

7.1 TOSHIBA PUT RIGHT. In the event that Toshiba elects to terminate this Agreement in accordance with Section 6.2(d) or 6.2(e), Toshiba shall have the right (exercisable by written notice delivered within thirty (30) days following the termination hereof) to require Audiovox to purchase all (but not less than all) of the Securities of ACC then held by Toshiba for an amount equal to the fair market value of such Securities, as determined pursuant to Section 7.3. Upon delivery of such notice, Audiovox shall be bound to purchase and Toshiba shall be bound to sell Toshiba's Securities for such fair market value as provided in this Section 7.

7.2 AUDIOVOX CALL RIGHT. In the event that Audiovox elects to terminate this Agreement in accordance with Section 6.2(f), Audiovox shall have the right (exercisable by written notice delivered within thirty (30) days following the termination hereof) to require Toshiba to sell to Audiovox all (but not less than all) of the Securities of ACC then held by Toshiba for an amount equal to the fair market value of such Securities, as determined pursuant to Section 7.3. Upon delivery of such notice, Audiovox shall be bound to purchase and Toshiba shall be bound to sell Toshiba's Securities for such fair market value as provided in this Section 7.

7.3 DETERMINATION OF FAIR MARKET VALUE. In case of Toshiba's exercise of its put right pursuant to Section 7.1 or Audiovox's exercise of its call right pursuant to Section 7.2, the

fair market value of Toshiba's Securities shall be determined as follows:

(A) As soon as practicable after delivery of the put or call notice, as applicable, the Parties shall engage in mutual good faith discussions to determine the fair market value of Securities to be purchased or sold.

(B) If the Parties are unable to agree on the fair market value of Toshiba's Securities within fifteen (15) days after delivery of the applicable notice, then each Party shall select an independent appraiser with international experience to determine the fair market value of Toshiba's Securities. Each appraiser will promptly render a written good faith appraisal of the fair market value of Toshiba's Securities in light of all relevant factors (if the appraiser provides a valuation range, the midpoint of the range shall be the fair market value of the appraised Securities). Each appraiser shall be instructed to complete its appraisal as promptly as possible and, in any event, within thirty (30) days after its appointment. The appraisals shall be submitted to the Parties simultaneously. The Parties shall take all actions reasonably necessary to cause the appraisers to complete their appraisals in an expeditious and competent manner within such period.

(C) The fair market value of Toshiba's Securities to be purchased shall be the average of the two appraisals submitted by the independent appraisers under Section 7.3(b); provided that, if the two appraisals differ in value by more than twenty percent (20%), the two independent appraisers shall jointly appoint a third independent appraiser, who will promptly render a written good faith appraisal of the fair market value of Toshiba's Securities in light of all relevant factors and in accordance with the timing and procedures contained in Section 7.3(b). In case of an appraisal by a third independent appraiser, the fair market value of the Securities to be purchased shall be the average of (1) the appraisal submitted by the third independent appraiser and (2) the appraisal submitted under Section 7.3(b) that is closest in value to the appraisal of the third independent appraiser. Any determination of fair market value pursuant to this Section 7.3 shall be conclusive and binding upon the Parties for purposes of determining the fair market value of Toshiba's Securities to be purchased under this Section 7. Each Party shall bear fifty percent (50%) of the costs of any appraisal pursuant to this Section 7.3.

7.4 CLOSING OF PUT OR CALL EXERCISE. The Parties shall consummate the purchase and sale of Toshiba's Securities under this Section 7 as soon as practicable following the determination of the appraised purchase price pursuant to Section 7.3 by Toshiba's receipt of cash via wire transfer of immediately available funds equal to the purchase price. At Audiovox's option some or all of Toshiba's Securities may be purchased by ACC, provided that Audiovox shall remain responsible for the timely payment of the purchase price for Toshiba's Securities.

## 8. GENERAL PROVISIONS.

8.1 VOTING AGREEMENT. Each Party shall hold and exercise all voting rights with respect to its Securities subject to and in accordance with the provisions of this Agreement, and to the extent legally permissible shall cause the Directors nominated by such Party to act to effect the terms hereof.

8.2 GOVERNING LAW. This Agreement shall be construed and interpreted in accordance with and governed by the Laws of the State of New York, U.S.A., including, without limitation, Section 5-1401 of the General Obligations Law of the State of New York (without regard to the choice of law provisions thereof). Judgement upon an award rendered by the arbitrators pursuant to Section 8.3 shall be entered in the courts of the State of New York, and the Parties hereby submit to the exclusive jurisdiction of such courts for the purpose of any such entry. The Parties agree and consent that services of process may be made upon the Parties in any legal proceedings relating hereto by any means allowed under applicable Law.

### 8.3 DISPUTE RESOLUTION.

(A) The Parties intend that all disputes between the Parties arising out of this Agreement shall be settled by the Parties amicably through good faith discussions upon the written request of either Party. In the event that any such dispute cannot be resolved thereby within a period of sixty (60) calendar days after such notice has been given, such dispute shall be finally settled by binding arbitration at the request of any Party.

(B) Each arbitration hereunder shall be conducted in the English language in New York, New York, and shall be administered by the American Arbitration Association under its Commercial Arbitration Rules then in effect, before three (3) independent arbitrators to be appointed as follows. Each Party shall appoint one (1) arbitrator, and the two (2) arbitrators appointed by the Parties shall appoint a third arbitrator in accordance with paragraph (c) of AAA Rule R-15 (Appointment of Neutral Arbitrator by Party-Appointed Arbitrators or Parties) currently in effect. However, in all events, these arbitration provisions shall govern over any conflicting rules which may now or hereafter be contained in the applicable rules.

(C) Each Party may demand arbitration by filing a written demand with the other Party within one hundred eighty (180) calendar days after the expiration of the sixty (60) day period described above. The arbitrators shall have the authority to grant any equitable and legal remedies that would be available in any judicial proceeding intended to resolve a dispute, including (notwithstanding Section 6.2) the termination of this Agreement. Notwithstanding the foregoing, either Party shall be entitled to seek preliminary injunctive relief from any court of competent jurisdiction, pending the final decision or award of the arbitrators. The award rendered in an arbitration hereunder shall be final and non-appealable.

8.4 NOTICES AND OTHER COMMUNICATIONS. Any and all notices, requests, demands and other communications required or otherwise contemplated to be made under this Agreement shall be in writing and in English and shall be provided by one or more of the following means and shall be deemed to have been duly given (a) if delivered personally, when received, (b) if transmitted by facsimile, on the first (1st) Business Day following receipt of a transmittal confirmation, or (c) if by international courier service, on the third (3rd) Business Day following the date of deposit with such courier service, or such earlier delivery date as may be confirmed in writing to the sender by such courier service. All such notices, requests, demands and other communications shall be addressed as follows:

Exhibit 99.3

If to Toshiba:

Toshiba Corporation  
Mobile Communications Company  
1-1, Shibaura 1-chome, Minato-ku  
Tokyo 105-8001  
Japan

Attention: General Manager, International Operations  
Telephone: -81-3-3457-3241  
Facsimile: -81-3-3457-8194

If to Audiovox:

Audiovox Corporation  
150 Marcus Blvd.  
P.O. Box 18000  
Hauppauge, NY 11788-1800  
U.S.A.

Attention: Charles M. Stoehr  
Telephone: (631) 436-6505  
Facsimile: (631) 231-1370

If to ACC:

Audiovox Communications Corp.  
555 Wireless Boulevard

Hauppauge, New York 11788  
U.S.A.

Attention: Philip Christopher  
Telephone: (631) 233-3300  
Facsimile: (631) 951-0784

With a copy to:

Levy & Stopol, LLP  
East Tower, 14th Floor  
190 EAB Plaza  
Uniondale, NY 11556-0190  
Telephone: (516) 802-7007  
Facsimile: (516) 802-7008

or to such other address or facsimile number as a Party may have specified to the other Parties in writing delivered in accordance with this Section 8.4.

8.5 SEVERABILITY. If any provisions of this Agreement shall be held to be illegal, invalid or unenforceable, the Parties agree that such provisions will be enforced to the maximum extent

Exhibit 99.3

permissible so as to effect the intent of the Parties, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby. If necessary to effect the intent of the Parties, the Parties will negotiate in good faith to amend this Agreement to replace the unenforceable language with enforceable language which as closely as possible reflects such intent.

8.6 AMENDMENTS. This Agreement may be amended or modified only by a written instrument signed by each Party.

8.7 WAIVER. Any waiver by a Party of an instance of the other Party's or ACC's noncompliance with any obligation or responsibility herein contained shall be in writing and signed by the waiving Party and shall not be deemed a waiver of other instances of the other Party's or ACC's noncompliance hereunder.

8.8 NO ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the Parties and ACC. Nothing in this Agreement shall confer any rights upon any Person other than the Parties, ACC and their respective successors and permitted assigns. Neither Party nor ACC may assign this Agreement or its rights hereunder to any Person without the written consent of the other Party; provided that the registration rights provided for in Section 3.5 shall be exercisable by any holders of Registrable Shares, including after transfers of Registrable Shares. No assignment by any Person of this Agreement or of any of such Person's rights hereunder shall release such Person from any of its obligations hereunder. Any attempted assignment of this Agreement in violation of this Section 8.8 shall be void and of no effect.

8.9 CONSTRUCTION. This Agreement has been negotiated by the Parties, ACC and their respective counsel and shall be fairly interpreted in accordance with its terms and without any strict construction in favor of or against either of the Parties or ACC.

8.10 INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT. Unless the context shall otherwise require, any pronoun shall include the corresponding masculine, feminine and neuter forms, and words using the singular or plural number shall also include the plural or singular number, respectively. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation". All references herein to Articles, Sections, Annexes, Exhibits and Schedules shall be deemed to be references to Articles and Sections of, and Annexes, Exhibits and Schedules to, this Agreement unless the context shall otherwise require. The headings of the Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretations of this Agreement. Unless the context shall otherwise require, any reference to any agreement or other instrument or statute or regulation is to such agreement, instrument, statute or regulation as amended and supplemented from time to time (and, in the case of a statute or regulation, to any successor provision). Any reference in this Agreement to a "day" or a number of "days" (without the explicit qualification of "Business") shall be interpreted as a reference to a calendar day or number of calendar days. If any action or notice is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action or notice shall be deferred until, or may be taken or given, on the next Business Day.

8.11 DISCLAIMER OF AGENCY. This Agreement shall not constitute any Party or ACC as a legal representative or agent of any other Party or ACC, nor shall a Party or ACC have the right or authority to assume, create or incur any Liability of any kind, expressed or implied, against or in the name or on behalf of the other Party, ACC or any of their respective Affiliates.

8.12 LANGUAGE. The Parties and ACC have negotiated this Agreement in the English language, which shall be the governing language of this Agreement.

8.13 RELATIONSHIP OF THE PARTIES AND ACC. Nothing contained in this Agreement is intended to, or shall be deemed to, create a partnership or joint venture relationship among the Parties, ACC or any of their respective Affiliates for any purpose, including tax purposes. Neither of the Parties, ACC nor any of their respective Affiliates will take a position contrary to the foregoing.

8.14 SPECIFIC PERFORMANCE. The Parties and ACC agree that each other Party and ACC, as applicable, shall be entitled to obtain an injunction or injunctions in accordance with the dispute resolution procedures contained in Section 8.3 to prevent breaches of the provisions of this Agreement, or any agreement contemplated hereunder and to enforce specifically the terms and provisions hereof, in each instance without being required to post bond or other security, without being required to prove irreparable harm, and in addition to, and without having to prove the adequacy of, other remedies at Law.

8.15 CONSEQUENTIAL AND OTHER DAMAGES. Neither Party nor ACC shall be liable under any contract, negligence, strict liability or other theory for any indirect, incidental, consequential, punitive or other special damages (including without limitation lost profits) asserted by the other Party or ACC, as applicable.

8.16 ENTIRE AGREEMENT. The provisions of this Agreement and the other Transaction Agreements set forth the entire agreement and understanding between the Parties and ACC as to the subject matter hereof and supersede all prior agreements, oral or written, and all other prior communications between the Parties and ACC relating to the subject matter hereof. Without limiting the generality of the foregoing, Articles VIII (Information Rights), IX (Public Offering), X (Right of First Refusal) and XI (Registration Rights) of the Stock Purchase Agreement dated March 15, 1999 between the Parties are hereby terminated and shall cease to have further force or effect.

8.17 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be binding as of the date first written above, and all of which shall constitute one and the same instrument. Each such counterpart shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

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IN WITNESS WHEREOF, the Parties and ACC have caused their respective duly authorized representatives to execute this Stockholders Agreement as of the date first above written.

TOSHIBA CORPORATION,

a Japanese corporation, acting through its  
Mobile Communications Company

By: s/ Tetsuya Mizoguchi

Name: Tetsuya Mizoguchi  
Title: President and CEO,  
Mobile Communications  
Company

AUDIOVOX COMMUNICATIONS

CORP.,

a Delaware corporation

By: s/ Philip Christopher

Name: Philip Christopher  
Title: Chief Executive Officer

AUDIOVOX CORPORATION,

a Delaware corporation

By: s/ John J. Shalam

-----  
Name: John J. Shalam  
Title: Chief Executive Officer

Exhibit 99.3

ANNEX I

CERTAIN DEFINITIONS

"AFFILIATE" of a specified Person means any Person that controls, is controlled by or is under common control with such specified Person. For purposes of this definition, "CONTROL" shall mean the possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or other ownership interests, by contract or otherwise).

"APPROVAL" means, as to any Person, any consent, approval, authorization, waiver, grant, concession, license, exemption or order of, registration, certificate, declaration or filing with, or report or notice to, such Person.

"ASSOCIATE" of a Person means:

(i) any officer or director of such Person, or other Person serving in a similar role with respect to such Person;

(ii) any corporation or other entity of which such Person or any Person specified in clause (i) is an officer, partner, manager or Person serving in a similar role, or is, directly or indirectly, the beneficial owner of 5% or more of any class of equity securities;

(iii) any trust or other estate in or as to which such Person or any Person specified in clauses (i) or (ii) has a 10% or greater beneficial interest or serves as trustee or in a similar capacity; or

(iv) any relative or spouse of such Person or any Person specified in clause (i), or any relative of such spouse.

"BUSINESS" means the research, development, design, manufacture, marketing, sale and/or service of Products.

"BUSINESS DAY" means a day on which commercial banks in New York City are generally open to conduct their regular banking business.

"COMMON STOCK" shall mean collectively the Class A Common Stock of the Company, no par value per share, and the Class B Common Stock of the Company, no par value per share (in each case as the same may be reclassified, recapitalized or similarly affected).

"COMPANY INTEREST" means, as to any Party at any time, the number of shares of Fully Diluted Common Stock that such Party owns at such time, divided by the total number of shares of Fully Diluted Common Stock at such time.

"CONTRACT" means any contract, agreement, lease, plan, instrument or other document,

commitment, arrangement, undertaking, practice, understanding or authorization, in each case whether or not in writing.

"CONTROL GROUP" of a Party means the Party and its direct and indirect wholly-owned subsidiaries.

"DISTRIBUTION AGREEMENT" means the Distribution Agreement dated as of the date hereof between Toshiba and ACC.

"FULLY DILUTED" means at any time, with respect to Common Stock and without duplication, (a) all shares of Common Stock then outstanding and (b) all shares of Common Stock issuable upon the exercise of all options, warrants, convertible securities, exchangeable securities and other outstanding rights to acquire Common Stock, with or without consideration, but only to the extent that the applicable Party is then entitled to exercise such rights to acquire Common Stock pursuant to the terms of such rights.

"GOVERNMENT APPROVAL" means any Approval of, to or with any Governmental Authority.

"GOVERNMENTAL AUTHORITY" means any domestic or foreign government, governmental authority, court, tribunal, agency or other regulatory, administrative or judicial agency, commission or organization, and any subdivision, branch or department of any of the foregoing.

"LAWS" means all applicable provisions of all (i) constitutions, treaties, statutes, laws (including common law), rules, regulations, ordinances or codes of any Governmental Authority, and (ii) orders, decisions, injunctions, judgments, awards and decrees of any Governmental Authority.

"LIEN" means any lien, mortgage, security interest, pledge, restriction on transferability, defect of title or other claim, charge or encumbrance of any nature whatsoever on any property or property interest, including any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership.

"ORGANIZATIONAL DOCUMENTS" of a Person means its Certificate of Incorporation, Bylaws or other organizational documents.

"PERSON" means a natural individual, Governmental Authority, partnership, firm, corporation or other entity.

"PROCEEDING" means any action, litigation, arbitration, suit, claim, proceeding or investigation or review of any nature, civil, criminal, regulatory or otherwise, before any Governmental Authority.

"QUALIFIED IPO" means a public offering of Common Stock by ACC registered under the Securities Act in which (i) the proceeds received by ACC for the sale of shares is at least Fifty Million Dollars (\$50,000,000) net of underwriting discounts and commissions, or (ii) Common Stock sold to public investors (which for purposes of clarification shall not include Audiovox or

its Affiliates or Associates) represents at least ten percent (10%) of the outstanding Common Stock upon the consummation of the offering.

"SECURITIES" means shares of Common Stock, other equity securities of ACC, and options, warrants, convertible securities, exchangeable securities or other rights to acquire Common Stock or other equity securities of ACC.

"STRATEGIC PERSON" means any of Motorola, Nokia, Ericsson, Kyocera, Sanyo, Sharp or other similar companies that compete with a Party in the Business.

"TRANSACTION AGREEMENTS" means this Agreement; the Securities Purchase Agreement; the Distribution Agreement; the Employment Agreement dated as of the date hereof between ACC and Philip Christopher; the Trademark License Agreement dated as of the date hereof between Audiovox and ACC; the Shared Services Agreement dated as of the date hereof between Audiovox and ACC; the Non-Negotiable Subordinated Convertible Promissory Note by ACC to Toshiba; and the Intercompany Note.

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EXHIBIT 1.6(A)  
DUTIES OF TOSHIBA'S OFFICER DESIGNEES

Executive Vice President

Supervises the Chief Technology Officer for Toshiba Products and the Vice President for Merchandizing -- Toshiba Products.

Participates in the decision making of ACC, including through executive meetings.

Chief Technology Officer for Toshiba Products

Responsible for technology matters for Toshiba Products.

Represents ACC on matters relating to Toshiba technology in coordination with Hino Works and other applicable Toshiba facilities.

Vice President for Merchandizing -- Toshiba Products

Coordinates and participates in the production, sale and inventory of Toshiba Products.

Coordinates and participates in product planning for Toshiba Products, including concept proposals for Toshiba Products.

Supports sale promotion of Toshiba Products.

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## DISTRIBUTION AGREEMENT

THIS DISTRIBUTION AGREEMENT (this "AGREEMENT") is made and entered into as of May 29, 2002 by and between TOSHIBA CORPORATION, a Japanese corporation, acting through its Mobile Communications Company ("TOSHIBA"), and AUDIOVOX COMMUNICATIONS CORP., a Delaware corporation ("ACC"). Toshiba and ACC are referred to herein collectively as the "PARTIES" and each individually as a "PARTY".

### RECITALS

A. The Parties and Audiovox Corporation have entered into a Securities Purchase Agreement (the "SECURITIES PURCHASE AGREEMENT") and a Stockholders Agreement (the "STOCKHOLDERS AGREEMENT"), each dated as of the date hereof. At the Closing under the Securities Purchase Agreement occurring today, Toshiba is acquiring shares of Class B Common Stock of ACC and a non-negotiable subordinated convertible promissory note of ACC.

B. As contemplated by the Securities Purchase Agreement, the Parties desire to enter into this Agreement with respect to ACC's distribution of Toshiba Products in the Territory as provided hereunder.

C. Certain terms used herein have the meanings set forth for such terms in the text of this Agreement or in Annex I hereto.

NOW, THEREFORE, for valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Parties hereby agree as follows:

### AGREEMENT

#### 1. DEFINITIONS.

For purposes of this Agreement:

1.1 "PRODUCTS" means mobile cellular handset systems and other wireless communications devices that use the infrastructure of wireless communication carriers ("CARRIERS") and are sold through the Carrier distribution channel. The "CARRIER DISTRIBUTION CHANNEL" is comprised of:

(A) A direct channel through which ACC sells Products to Carriers. The direct channel consists of (i) retail stores owned by Carriers and (ii) the Carriers' sales organizations for corporate enterprise customers; and

(B) An indirect channel through which ACC sells Products to retailers, distributors and agents that are authorized by Carriers to activate Products, to sell air time on behalf of Carriers, to promote Products to end users and to perform other activities that support the sale of Products to end users on behalf of Carriers.

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1.2 "TOSHIBA PRODUCTS" means all Products that are (a) marketed and procured by the Mobile Communications Company of Toshiba, an in-house company of Toshiba that conducts the business of mobile cellular handsets and Personal Digital Assistants (including any successor of such Company, through internal reorganization or otherwise) ("MCC"), (b) marketed, developed and procured by MCC, or (c) marketed, developed and manufactured by MCC from time to time during the term of this Agreement.

1.3 "TERRITORY" means the United States, Canada, Mexico and all countries in Central America, the Caribbean and South America.

#### 2. APPOINTMENT OF ACC.

Toshiba hereby appoints ACC as Toshiba's exclusive distributor for the sale of Toshiba Products in the Territory, and ACC hereby accepts such appointment. ACC shall use its commercially reasonable, good faith efforts to include entities owned in part by Toshiba (including SEMP Toshiba) in the distribution of Toshiba Products in Brazil. ACC shall not distribute any Toshiba Products

except in the Territory in accordance with this Agreement.

### 3. MINIMUM PURCHASE TARGETS.

3.1 GENERAL. The Parties shall establish annual minimum purchase targets ("MINIMUM PURCHASE TARGETS") for ACC's purchase of Toshiba Products for each fiscal year during the term hereof. Separate Minimum Purchase Targets shall be established for Toshiba Products in the CDMA, GPRS and PDA Product categories (and in any new or replacement categories that the Parties may agree to in connection with technology or other applicable Product developments) in the following regions: (a) U.S. and Canada; (b) Mexico; (c) Brazil; and (d) Central America, the Caribbean and South America other than Mexico and Brazil.

3.2 ESTABLISHMENT. The Minimum Purchase Targets shall be based upon intended market size, the applicable roadmap and concept for Products described in Section 7.3, and the applicable Product Plan described in Section 7.4. The first effective Minimum Purchase Targets under this Agreement shall be for the fiscal year ending November 30, 2003, and are contained in Exhibit 3.2 attached hereto. The Parties shall establish Minimum Purchase Targets for each subsequent fiscal year prior to the commencement of such fiscal year. If the Parties are unable to agree on the Minimum Purchase Targets for any fiscal year prior to the beginning of the fiscal year, the Parties shall submit the dispute to arbitration pursuant to Section 18.2. Until the new Minimum Purchase Targets are determined through arbitration, the Minimum Purchase Targets for the prior fiscal year will apply to the subsequent fiscal year, as equitably adjusted in case of force majeure circumstances as described in Section 18.16.

3.3 COMPETITIVE TOSHIBA PRODUCTS. The condition that ACC must satisfy the Minimum Purchase Targets applicable to each Toshiba Product category in a region of the Territory to maintain its exclusive distribution rights for such Toshiba Product category in such

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region shall be subject to the reasonable competitiveness of the Toshiba Products in such category with respect to feature, function, quality and price, the approval of such Toshiba Products by the intended Carrier customers, and Toshiba's timely supply of such Toshiba Products in sufficient quantity in accordance with the terms hereof.

3.4 CONVERSION TO NON-EXCLUSIVE DISTRIBUTORSHIP. If ACC fails to meet the applicable Minimum Purchase Target for a category of Toshiba Products in a geographical territory, Toshiba shall have the right (which right is to be exercised within thirty (30) days after the end of the fiscal year for which such Minimum Purchase Target has not been met) to convert ACC's exclusive distributorship for such category of Toshiba Product in such geographical territory to a non-exclusive distributorship for the remaining term of this Agreement.

#### 4. MOST PREFERRED SUPPLIER.

Toshiba shall be the most preferred supplier of Products to ACC. ACC shall use Toshiba Products in preference to the Products of all other suppliers, subject to Toshiba's ability to reasonably meet ACC's Product requirements with respect to feature, function, cost, quality, quantity of supply and availability on reasonably competitive terms.

#### 5. BRANDING.

All Toshiba Products supplied by Toshiba hereunder shall be Toshiba-branded Products; provided that, at Toshiba's direction and subject to Toshiba's consent, certain Toshiba Products may bear the brands of Carrier customers and/or ACC, and certain Toshiba Products may not bear the Toshiba brand. ACC shall have the right to utilize other brands on non-Toshiba Products.

#### 6. MEETINGS; TOSHIBA'S OFFICER DESIGNEES.

6.1 TOSHIBA'S OFFICER DESIGNEES. Toshiba shall have the right to designate individuals as officers of ACC in the following capacities: Executive Vice President (the "EVP"); Chief Technology Officer for Toshiba Products; and Vice President for Merchandizing -- Toshiba Products. Toshiba shall also have the right to remove and replace its designees at any time in its sole discretion upon written notice to ACC. Such officers designated by Toshiba shall have the duties set forth on Schedule 6.1. ACC's board of directors shall appoint Toshiba's officer designees to their positions, subject to the following: such officers shall be (a) qualified and competent in their positions in terms of experience, expertise, moral character, ability to interface with other ACC officers and employees and other relevant attributes, (b) unaffiliated with a competitor of ACC, (c) not impose an unreasonable expense on ACC, and (d) have the approval of ACC's Chief Executive Officer (who may not withhold or withdraw his approval without reasonable cause).

6.2 EXECUTIVE MEETINGS. The CEO, the EVP and the Chief Financial Officer of ACC shall hold executive meetings to review, discuss and reach conclusions on significant matters

relating to ACC's supply relationship with Toshiba, which shall generally include the matters identified on Schedule 6.2. Such executive meetings shall be held at least monthly and at such other times as may be requested by the CEO, the EVP or the Chief Financial Officer, upon reasonable prior notice to the other two executives.

6.3 PURCHASE, SALE AND INVENTORY MEETINGS. To enhance supply chain management and other operational matters relating to the Parties' supply relationship hereunder, ACC shall hold meetings to discuss purchase, sale, inventory (including inventory held by Carriers) and related matters and activities. The meetings shall generally cover past performance and projected future performance over the succeeding six-month period, and ACC's projected need for Products during such period. The meetings shall occur at least monthly and at such other times as may be requested by the CEO or the EVP. The EVP and other staff members designated by Toshiba shall be entitled to attend and participate in such meetings.

6.4 PERFORMANCE AND FORECAST MEETINGS. ACC shall hold meetings to review and confirm the business, operational and financial performance (including profit and loss performance) of ACC, and ACC's forecasted future performance in these areas. Such meetings shall occur at least monthly and at such other times as may be specified by ACC's CEO, EVP or Chief Financial Officer. The EVP and other staff members designated by Toshiba shall be entitled to attend and participate in such meetings.

## 7. PRODUCT PLANNING.

7.1 PRODUCT MEETINGS. The Parties shall hold meetings to review and address the matters discussed below in this Section 7 and other relevant matters concerning the Toshiba Products to be supplied by Toshiba for distribution by ACC hereunder. Such meetings shall occur at least quarterly and at such other times as may be specified by the Parties. Such meetings shall be attended by the CEO, the EVP and other appropriate representatives of the Parties.

7.2 CARRIERS. The Parties recognize that ACC's relationships and close coordination with Carriers are critical to meeting the Carriers' Product needs and increasing the sales of Toshiba Products to Carriers. The Parties shall jointly cooperate in working with Carriers to develop Toshiba Product plans (including plans for next generation Toshiba Products), effective distribution practices and other activities to enhance the success of the Parties' supply relationship and the sale of Toshiba Products to Carriers.

7.3 TOSHIBA PRODUCT ROADMAP AND CONCEPT. The Parties shall jointly develop a roadmap and concept for the Toshiba Products to be distributed by ACC, taking into account ACC's overall Product roadmap and concept in order to give effect to Toshiba's most preferred supplier rights set forth in Section 4. The roadmap and concept shall cover the introduction schedule for Toshiba Products distributed by ACC; target pricing; product features; performance specifications; product quantity; and other important aspects of Toshiba Product development. The roadmap and concept shall be reviewed and updated quarterly, and shall generally cover a

rolling three-year period following the quarter during which the review occurs.

7.4 PRODUCT PLAN. The Parties shall jointly develop a plan for the supply of Toshiba Products hereunder (the "PRODUCT PLAN"). The Product Plan shall include a one-year rolling forecast of Toshiba's expected supply of Toshiba Products hereunder, setting forth the anticipated price, quantity and other material information relating to the applicable Toshiba Products. The Product Plan will be reviewed and updated by the Parties at least on a quarterly basis.

#### 8. PRICING AND PAYMENT.

8.1 PRICING. The Parties anticipate that pricing for Toshiba Products supplied hereunder shall be based upon market conditions existing at the time that the Parties enter into binding purchase orders for the applicable Toshiba Products. Final pricing shall be as set forth in the binding purchase orders for Toshiba Products; provided that the Parties shall discuss in good faith on a case by case basis any pricing revisions that may be appropriate based on a significant change in market conditions.

8.2 PAYMENT. Toshiba shall issue invoices to ACC for all Toshiba Products supplied hereunder. ACC shall make payment of such invoices within thirty (30) days of documents against acceptance for the applicable Toshiba Products.

8.3 DUTIES AND CHARGES. ACC shall be responsible, at its sole expense, for all import duties and custom charges with respect to its importation of Toshiba Products in the Territory.

#### 9. ADDITIONAL AGREEMENTS.

9.1 CARRIER ACCEPTANCE OF TOSHIBA PRODUCTS. In order to accelerate the time to market of Toshiba Products, ACC and Toshiba shall consult, cooperate and jointly participate in all activities relating to Carrier testing and acceptance of Toshiba Products.

9.2 QUALITY CONTROL FOR NON-TOSHIBA PRODUCTS. ACC shall give consideration in good faith to any reasonable standards of quality control that Toshiba may recommend for non-Toshiba Products. Toshiba acknowledges and agrees, however, that it shall have no other involvement in this aspect of ACC's business.

9.3 PRODUCT LIABILITY INSURANCE. Toshiba shall maintain at all times a policy of product liability insurance covering the Toshiba Products supplied hereunder with coverage amounts and other terms and conditions no less favorable to ACC than those applicable to Toshiba's products liability insurance policy in effect on the date hereof.

#### 10. INTELLECTUAL PROPERTY RIGHTS.

Each Party agrees to acknowledge at all times the other Party's exclusive right, title and interest in and to any existing and future patents, patent applications, trademarks, trade secrets,

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copyrights and other intellectual property which the other Party has claimed and/or registered with respect to Products (the "INTELLECTUAL PROPERTY RIGHTS"). Each Party agrees to promptly bring to the other Party's attention any activities in the Territory that a Party becomes aware of and believes may constitute an infringement of the other Party's Intellectual Property Rights.

#### 11. PURCHASE ORDERS AND FORECASTS.

11.1 PURCHASE ORDERS. ACC shall order Toshiba Products by issuing firm purchase orders to Toshiba as contemplated by Section 11.2. Each purchase order shall be binding upon the Parties upon acceptance by Toshiba. Each purchase order shall be in the form of Exhibit 11.1 or another form reasonably acceptable to the Parties. Toshiba's acceptance shall be evidenced by Toshiba issuing to ACC an acknowledgement within seven (7) Business Days after Toshiba's receipt of the applicable purchase order; provided that Toshiba shall be deemed to have accepted any purchase order that it has not rejected in writing within such seven (7) Business Day period after receipt. Each purchase order shall specify the Toshiba Product, price, quantity, sale amount, delivery schedule and any other information reasonably requested by Toshiba, and shall be delivered to Toshiba in accordance with Section 18.3. In the event of any inconsistency between the terms and conditions of this Agreement and the terms and conditions of a purchase order, the terms and conditions of this Agreement shall prevail.

11.2 EXPECTED TIMING OF PURCHASE ORDERS AND FORECASTS. The Parties generally contemplate that within five (5) Business Days following the beginning of each month during the term hereof (each, a "BASE MONTH"), ACC shall issue to Toshiba (1) one or more purchase orders for Toshiba Products to be delivered to ACC during the third month following the Base Month, subject in each case to Toshiba's acceptance of the purchase order(s) in accordance with Section 11.1, and (2) a rolling, non-binding forecast for ACC's expected demand for Toshiba Products for the fourth, fifth and sixth months following the Base Month. As an example, within five (5) Business Days following January 1, 2003, ACC will deliver firm purchase orders for Toshiba Products to be delivered during April 2003, and a non-binding forecast for Toshiba Products to be delivered during May, June and July 2003.

#### 12. DELIVERY AND RISK OF LOSS.

Delivery of all Toshiba Products purchased by ACC shall be made F.O.B. at a location agreed upon by the Parties, in accordance with the terms and conditions of INCOTERMS in the version effective as of the date of this Agreement. In case INCOTERMS is revised following the date hereof, at the request of either Party, the Parties shall discuss in good faith whether to incorporate any applicable revised provisions of INCOTERMS as part of this Section 12.

13. PRODUCT MATTERS AND EPIDEMIC FAILURE.

13.1 PRODUCT MATTERS.

(A) Toshiba shall warrant and be responsible for the Toshiba Products as to testing, quality, design, performance and workmanship.

(B) After the Carrier customer has approved the applicable Toshiba Products for purchase and the Toshiba Products have been distributed to end users, ACC shall be responsible for warranty repairs and Toshiba shall provide support in the form of training, manuals, spare parts lists and related matters.

13.2 EPIDEMIC FAILURE.

(A) In addition to the Parties' respective obligations under Section 13.1, and provided that ACC notifies Toshiba in writing of an Epidemic Failure promptly after becoming aware of the Epidemic Failure and also provides Toshiba with the evidence or information that ACC has on the subject, Toshiba shall promptly investigate the situation so that if an Epidemic Failure has occurred, the Parties can consult as soon as possible on the best way to resolve the situation to the customer's satisfaction while minimizing the damages that might result. If an Epidemic Failure occurs, Toshiba shall, in consultation with ACC and at Toshiba's election:

- (i) repair the defective Toshiba Products at Toshiba's cost; or
- (ii) replace the defective Toshiba Products at Toshiba's cost.

Subject to Section 13.2(c), Toshiba shall also reimburse ACC for its reasonable expenses actually incurred in addressing the Epidemic Failure.

(B) An "EPIDEMIC FAILURE" shall occur if one percent (1%) or more of the total units of any Toshiba Products (such units to be identified by lot number, manufacturer product date code or other reasonable method) delivered by Toshiba to ACC reveal identical defects in material, design or workmanship.

(C) In case of an Epidemic Failure, ACC shall be responsible for the first one percent (1%) of the units that are the subject of the Epidemic Failure, and Toshiba shall be responsible for the remaining defective units in accordance with this Section 13.2.

(D) Except for any additional actions that a Party may agree to take in resolving a particular Epidemic Failure, each Party's responsibility for an Epidemic Failure shall be limited to its obligations set forth in this Section 13.2.

13.3 EXCLUSIONS. Toshiba's obligations pursuant to this Section 13 shall not apply if the applicable Toshiba Product(s) fail to properly perform because of any of the following:

(A) The Toshiba Products are subjected to abnormal use or conditions, accident, mishandling, neglect, unauthorized alteration, misuse, or improper installation, repair or storage;

(B) The mechanical serial numbers or electronic serial numbers of the Toshiba Products have been removed, altered or defaced;

(C) Damage from exposure to moisture, humidity, excessive temperatures or extreme environmental conditions;

(D) Damage resulting from connection to or use of any accessory or other product not approved or authorized by Toshiba; or

(E) Damage resulting from external causes such as fire, flooding, dirt, sand, weather conditions, battery leakage, blown fuse, theft or improper use of any electrical source.

13.4 GENERAL DISCLAIMER OF WARRANTY. THE WARRANTIES AND OBLIGATIONS OF TOSHIBA SET FORTH IN THIS SECTION 13 AND SECTION 15 CONSTITUTE TOSHIBA'S SOLE WARRANTIES, EXPRESS OR IMPLIED, WITH RESPECT TO THE PRODUCTS SUPPLIED BY TOSHIBA HEREUNDER. THE WARRANTIES AND OBLIGATIONS CONTAINED IN THIS SECTION 13 AND SECTION 15 ARE IN LIEU OF, AND TOSHIBA EXPRESSLY DISCLAIMS AND WAIVES, ALL OTHER REPRESENTATIONS AND WARRANTIES, EXPRESS, IMPLIED, STATUTORY OR ARISING BY COURSE OF DEALING OR PERFORMANCE, CUSTOM, USAGE IN THE TRADE OR OTHERWISE, INCLUDING WITHOUT LIMITATION THE IMPLIED WARRANTIES OF MERCHANTABILITY, TITLE, NON-INFRINGEMENT AND FITNESS FOR A PARTICULAR USE.

#### 14. GOOD FAITH EFFORTS.

14.1 TOSHIBA. During the term of this Agreement, Toshiba shall use its commercially reasonable, good faith efforts to supply competitive Toshiba Products to ACC and to obtain approval of such Toshiba Products by applicable Carriers. Toshiba's obligations under this Section 14.1 shall not apply to any Toshiba Products and/or territories as to which ACC does not have exclusive distribution rights hereunder.

14.2 ACC. During the term of this Agreement, ACC shall use its commercially reasonable, good faith efforts to market and promote the sale of Toshiba Products to Carriers and to obtain approval of such Toshiba Products by applicable Carriers.

#### 15. TRADEMARKS AND OTHER RIGHTS.

15.1 USE OF TOSHIBA NAME. Toshiba hereby permits ACC to use the trademark

"Toshiba" on a non-exclusive and nontransferable basis solely in connection with the sale, distribution and service of Toshiba Products in the Territory during the term of this Agreement. Such use shall be made in accordance with the guidelines furnished by Toshiba, such as "Visual Corporate Identity Manual" and "Advertising Manual". ACC shall use its commercially reasonable, good faith efforts to further the goodwill and reputation of Toshiba Products and the Toshiba brand. Upon the expiration or termination of this Agreement for any reason whatsoever, ACC shall immediately discontinue the use of such trademark.

15.2 OTHER USE OF TOSHIBA NAME. Any use of the trademark "Toshiba" by ACC other than that in accordance with Section 15.1 shall be permitted only upon Toshiba's prior written consent and in accordance with Toshiba's directions.

15.3 NO REGISTRATION. ACC shall not apply for the registration of any trademark, other identifying mark, emblem or design appearing in or on the Toshiba Products or any imitation thereof. In addition, ACC shall not apply for the registration of any trade name or corporate name including the word "Toshiba".

15.4 ALLEGED INFRINGEMENT BY TOSHIBA PRODUCT. In the event ACC receives a claim from any third party alleging infringement by the Toshiba Products of any trademark, other identifying mark, design, utility model, copyright, patent or other intellectual property right, ACC shall promptly notify Toshiba thereof and, at Toshiba's request, direction and expense, reasonably cooperate in the resolution of the claim.

#### 15.5 PATENT PROTECTION.

(A) Toshiba shall indemnify and hold ACC harmless from any cost, expense or liability arising out of any claim or action based on actual or alleged direct infringement by a Toshiba Product alone and furnished hereunder of any patent of any third party enforceable in the Territory, provided that (i) ACC shall notify Toshiba promptly in writing of such claim or action, (ii) Toshiba shall have sole control of the defense and settlement of such claim or action, and (iii) ACC shall give all reasonably necessary authority, information and assistance to Toshiba and its counsel, at Toshiba's expense, for the defense from such claim or action.

(B) Notwithstanding the provisions of Section 15.5(a), Toshiba shall not be obligated to indemnify and hold ACC harmless in case the alleged infringement is based upon:

(i) use of the Toshiba Product in combination with another Person's circuits, components, devices, information, designs, specifications, software, data, material or products; or

(ii) modification of the Toshiba Product by a Person other than Toshiba after delivery by Toshiba.

15.6 INFRINGEMENT BY THIRD PARTIES. In the event ACC becomes aware that any third party infringes or is likely to infringe any trademark, other identifying mark, design, utility model, copyright, patent or other intellectual property right appearing in or on the Toshiba Products, ACC shall promptly notify Toshiba thereof, assist Toshiba (at Toshiba's expense) in proceeding with appropriate measures, including legal measures, against such infringement and comply with Toshiba's instructions.

#### 16. CONFIDENTIALITY; PUBLICITY.

16.1 CONFIDENTIAL INFORMATION. The Parties recognize that, in connection with the performance of the transactions contemplated hereby, each Party (in such capacity, the "DISCLOSING PARTY") may disclose Confidential Information to the other Party (each in such capacity, the "RECEIVING PARTY"). For purposes of this Agreement, "CONFIDENTIAL INFORMATION" means any and all information (whether owned by the Disclosing Party or any Person to whom the Disclosing Party owes a non-disclosure obligation) regarding the Disclosing Party and its business which is (i) in written or other tangible form and marked with a legend which identifies the information as confidential, or (ii) in oral or visual form, identified as being confidential at the time of disclosure and thereafter summarized in a writing which identifies the information as confidential and is transmitted to the Receiving Party within thirty (30) days after such oral or visual disclosure.

16.2 CONFIDENTIALITY OBLIGATION. Each Receiving Party agrees for a period of two (2) years after the receipt of any Confidential Information (i) to protect the Confidential Information and not to disclose the Confidential Information to any Person, utilizing the same degree of care the Receiving Party utilizes to protect its own confidential information of a similar nature, and (ii) not to utilize the Confidential Information for any purpose other than in connection with the transactions contemplated hereby. The Parties agree to restrict distribution of the Confidential Information to those Persons involved in the subject of the discussions who have a "need to know" such information in connection with the discussions.

16.3 EXCEPTIONS. Notwithstanding the provisions of Section 16.2, each Receiving Party shall have no obligation to maintain the confidentiality of any information, and the Confidential Information shall not include any information, that (i) is or becomes generally available in the public domain other than through unauthorized or improper disclosure by the Receiving Party, (ii) was validly in the Receiving Party's possession prior to disclosure by a Disclosing Party, (iii) was independently developed by the Receiving Party, or (iv) was received by the Receiving Party from another Person without violation of any confidentiality obligations.

16.4 DISPOSAL OF CONFIDENTIAL INFORMATION. Within thirty (30) days of the termination of this Agreement, upon the applicable Disclosing Party's request, each Receiving Party shall return to the Disclosing Party or destroy all Confidential Information (including copies and electronic records thereof).

16.5 PUBLICITY. Subject to applicable Law and the applicable rules or regulations of any stock exchange on which the securities of any Party are then traded, no Party shall issue any press release, publicity statement, communication with stockholders, public notice or other public disclosure relating directly to this Agreement or the transactions contemplated hereby without prior notice to, consultation with, and the consent of the other Party. Notwithstanding the foregoing, so long as the disclosing Party reasonably attempts to consult with and obtain the consent of the other Party, limits the applicable disclosure to the extent practicable and provides a copy of the disclosure to the non-disclosing Party concurrently with or in advance of its public release, such consultation and consent shall not be required if a Party must make a public disclosure on an emergency basis in order to comply with applicable securities Laws.

#### 17. TERM AND TERMINATION.

17.1 TERM. The term of this Agreement shall initially be five (5) years from the date hereof, subject to earlier termination pursuant to Section 17.2 and extension as provided in the next sentence. The term of this Agreement shall be automatically extended for successive one (1)- year periods unless either Party gives termination notice to the other Party not earlier than 180 days and not later than 120 days prior to the then current end of the term.

17.2 TERMINATION. This Agreement may be terminated as follows:

(A) Upon the mutual written agreement of the Parties.

(B) At the election of Toshiba, in case ACC fails to (i) comply with its obligations to appoint Toshiba's officer designees in accordance with Section 6.1, or (ii) make payment in accordance with Section 8.2 with respect to an invoice for Toshiba Products accepted by ACC and which ACC is not disputing in good faith, and in case of clause (i) or clause (ii), such failure is not remedied within sixty (60) days after ACC receives written notice from Toshiba, indicating that it is a notice of default and describing the default in reasonable detail.

(C) At the election of either Party, if the other Party commences a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or taking possession by any such official in any involuntary case or other proceeding commenced against it, or makes a general assignment for the benefit of creditors, or fails generally to pay its debts as they become due, or take any corporate action to authorize any of the foregoing.

(D) At the election of either Party, if an involuntary case or other proceeding is commenced against the other Party seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for such Party or any substantial part of its property, and such involuntary case or other

proceeding remains undismissed and unstayed for a period of one hundred twenty (120) days.

(E) At the election of Toshiba, if a Strategic Person (other than Toshiba or any of its Affiliates) acquires a direct or indirect equity ownership interest in excess of twenty percent (20%) in Audiovox Corporation, a Delaware corporation ("AUDIOVOX").

(F) At the election of either Party in accordance with the second sentence of Section 17.1.

17.3 EFFECT. In the event of the termination of this Agreement pursuant to Section 17.2, this Agreement shall cease to have further force or effect and no Party shall have any liability to any other Party in respect to this Agreement, provided that:

(A) Termination of this Agreement for any reason shall not release any Party from any liability which has already accrued as of the effective date of such termination, and shall not constitute a waiver or release of, or otherwise be deemed to prejudice or adversely affect, any rights, remedies or claims, whether for damages or otherwise, which a Party may have hereunder, at law, equity or otherwise or which may arise out of or in connection with such termination.

(B) ACC shall remain liable for and shall pay Toshiba for any purchase orders hereunder that have been accepted by Toshiba, and Toshiba shall fulfill such purchase orders.

(C) Section 16, Section 18 and the first sentence of Section 10 shall survive such termination and remain in full force and effect.

## 18. GENERAL PROVISIONS.

18.1 GOVERNING LAW. This Agreement shall be construed and interpreted in accordance with and governed by the Laws of the State of New York, U.S.A., including, without limitation, Section 5-1401 of the General Obligations Law of the State of New York (without regard to the choice of law provisions thereof). Judgement upon an award rendered by the arbitrators pursuant to Section 18.2 shall be entered in the courts of the State of New York, and the Parties hereby submit to the exclusive jurisdiction of such courts for the purpose of any such entry. The Parties agree and consent that services of process may be made upon the Parties in any legal proceedings relating hereto by any means allowed under applicable Law.

## 18.2 DISPUTE RESOLUTION.

(A) The Parties intend that all disputes between the Parties arising out of this Agreement that do not involve claims by or against third parties shall be settled by the Parties amicably through good faith discussions upon the written request of either Party. In the event that any such dispute cannot be resolved thereby within a period of sixty (60) calendar days after such notice has been given, such dispute shall be finally settled by binding arbitration at the request of

any Party.

(B) Each arbitration hereunder shall be conducted in the English language in New York, New York, and shall be administered by the American Arbitration Association under its Commercial Arbitration Rules then in effect, before three (3) independent arbitrators to be appointed as follows. Each Party shall appoint one (1) arbitrator, and the two (2) arbitrators appointed by the Parties shall appoint a third arbitrator in accordance with paragraph (c) of AAA Rule R-15 (Appointment of Neutral Arbitrator by Party-Appointed Arbitrators or Parties) currently in effect. However, in all events, these arbitration provisions shall govern over any conflicting rules which may now or hereafter be contained in the applicable rules.

(C) Each Party may demand arbitration by filing a written demand with the other Party within one hundred eighty (180) calendar days after the expiration of the sixty (60) day period described above. The arbitrators shall have the authority to grant any equitable and legal remedies that would be available in any judicial proceeding intended to resolve a dispute, including (notwithstanding Section 17) the termination of this Agreement. Notwithstanding the foregoing, either Party shall be entitled to seek preliminary injunctive relief from any court of competent jurisdiction, pending the final decision or award of the arbitrators. The award rendered in an arbitration hereunder shall be final and non-appealable.

18.3 NOTICES AND OTHER COMMUNICATIONS. Any and all notices, requests, demands and other communications required or otherwise contemplated to be made under this Agreement shall be in writing and in English and shall be provided by one or more of the following means and shall be deemed to have been duly given (a) if delivered personally, when received, (b) if transmitted by facsimile, on the first (1st) Business Day following receipt of a transmittal confirmation, or (c) if by international courier service, on the third (3rd) Business Day following the date of deposit with such courier service, or such earlier delivery date as may be confirmed in writing to the sender by such courier service. All such notices, requests, demands and other communications shall be addressed as follows:

If to Toshiba:

Toshiba Corporation  
Mobile Communications Company  
1-1, Shibaura 1-chome, Minato-ku  
Tokyo 105-8001  
Japan

Attention: General Manager, International Operations  
Telephone: -81-3-3457-3241  
Facsimile: -81-3-3457-8194

Exhibit 99.4

If to ACC:

Audiovox Communications Corp.  
555 Wireless Boulevard

Hauppauge, New York 11788  
U.S.A.

Attention: Philip Christopher  
Telephone: (631) 233-3300  
Facsimile: (631) 951-0784

With a copy to:

Levy & Stopol, LLP  
East Tower, 14th Floor  
190 EAB Plaza  
Uniondale, New York 11556-0190

USA

Telephone: (516) 802-7007  
Facsimile: (516) 802-7008

or to such other address or facsimile number as a Party may have specified to the other Parties in writing delivered in accordance with this Section 18.3.

18.4 SEVERABILITY. If any provisions of this Agreement shall be held to be illegal, invalid or unenforceable, the Parties agree that such provisions will be enforced to the maximum extent permissible so as to effect the intent of the Parties, and the validity, legality and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby. If necessary to effect the intent of the Parties, the Parties will negotiate in good faith to amend this Agreement to replace the unenforceable language with enforceable language which as closely as possible reflects such intent.

18.5 AMENDMENTS. This Agreement may be amended or modified only by a written instrument signed by each Party.

18.6 WAIVER. Any waiver by a Party of an instance of the other Party's noncompliance with any obligation or responsibility herein contained shall be in writing and signed by the waiving Party and shall not be deemed a waiver of other instances of the other Party's noncompliance hereunder.

18.7 NO ASSIGNMENT. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the Parties. Nothing in this Agreement shall confer any rights upon any Person other than the Parties and their respective successors and permitted assigns. Neither Party may assign this Agreement or

Exhibit 99.4

its rights hereunder to any Person without the written consent of the other Party. No assignment by any Person of this Agreement or of any of such Person's rights hereunder shall release such Person from any of its obligations hereunder. Any attempted assignment of this Agreement in violation of this Section 18.7 shall be void and of no effect.

18.8 CONSTRUCTION. This Agreement has been negotiated by the Parties and their respective counsel and shall be fairly interpreted in accordance with its terms and without any strict construction in favor of or against either of the Parties.

18.9 INTERPRETATION AND CONSTRUCTION OF THIS AGREEMENT. Unless the context shall otherwise require, any pronoun shall include the corresponding masculine, feminine and neuter forms, and words using the singular or plural number shall also include the plural or singular number, respectively. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation". All references herein to Articles, Sections, Annexes, Exhibits and Schedules shall be deemed to be references to Articles and Sections of, and Annexes, Exhibits and Schedules to, this Agreement unless the context shall otherwise require. The headings of the Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretations of this Agreement. Unless the context shall otherwise require, any reference to any agreement or other instrument or statute or regulation is to such agreement, instrument, statute or regulation as amended and supplemented from time to time (and, in the case of a statute or regulation, to any successor provision). Any reference in this Agreement to a "day" or a number of "days" (without the explicit qualification of "Business") shall be interpreted as a reference to a calendar day or number of calendar days. If any action or notice is to be taken or given on or by a particular calendar day, and such calendar day is not a Business Day, then such action or notice shall be deferred until, or may be taken or given, on the next Business Day.

18.10 DISCLAIMER OF AGENCY. This Agreement shall not constitute any Party as a legal representative or agent of any other Party, nor shall a Party have the right or authority to assume, create or incur any Liability of any kind, expressed or implied, against or in the name or on behalf of the other Party or any of its Affiliates.

18.11 LANGUAGE. The Parties have negotiated this Agreement in the English language, which shall be the governing language of this Agreement.

18.12 RELATIONSHIP OF THE PARTIES. Nothing contained in this Agreement is intended to, or shall be deemed to, create a partnership or joint venture relationship among the Parties or any of their Affiliates for any purpose, including tax purposes. Neither of the Parties nor any of its Affiliates will take a position contrary to the foregoing.

18.13 SPECIFIC PERFORMANCE. Each Party agrees that each other Party shall be entitled to obtain an injunction or injunctions in accordance with the dispute resolution

procedures contained in Section 18.2 to prevent breaches of the provisions of this Agreement, or any agreement contemplated hereunder and to enforce specifically the terms and provisions hereof, in each instance without being required to post bond or other security, without being required to prove irreparable harm, and in addition to, and without having to prove the adequacy of, other remedies at Law.

18.14 CONSEQUENTIAL AND OTHER DAMAGES. Neither Party shall be liable to the other Party under any contract, negligence, strict liability or other theory for any indirect, incidental, consequential, punitive or other special damages (including without limitation lost profits) asserted by the other Party.

18.15 EXPORT CONTROL. Each Party shall comply with the Japanese Foreign Exchange and Foreign Trade Laws, the U.S. Export Administration Regulations and any other applicable export regulations with respect to Toshiba Products supplied hereunder, and each Party shall not, directly or indirectly, export or re-export Toshiba Products or any part thereof, any information, technical data, or products received from the other Party, or any direct product thereof, to any destination or country prohibited by such Laws and regulations, unless properly authorized by the applicable Governmental Authorities.

18.16 FORCE MAJEURE. Neither Party shall be responsible for any defaults, failures to assist, or delays in delivery which are due to causes beyond its control, including, but without limitation, acts of God or of a public enemy, acts or any order of a government, or any preference, priority, or any order of such government, currency restrictions, fires, floods, epidemics, quarantine restrictions, strikes, embargoes, unduly severe weather, or incidents of war.

18.17 ENTIRE AGREEMENT. The provisions of this Agreement and the other Transaction Agreements set forth the entire agreement and understanding between the Parties as to the subject matter hereof and supersede all prior agreements, oral or written, and all other prior communications between the Parties relating to the subject matter hereof; provided that this Agreement shall not apply to Toshiba Products covered by purchase orders effective prior to the date hereof.

18.18 COUNTERPARTS. This Agreement may be executed in two or more counterparts, each of which shall be binding as of the date first written above, and all of which shall constitute one and the same instrument. Each such counterpart shall be deemed an original, and it shall not be necessary in making proof of this Agreement to produce or account for more than one such counterpart.

IN WITNESS WHEREOF, the Parties have caused their respective duly authorized representatives to execute this Distribution Agreement as of the date first above written.

TOSHIBA CORPORATION,

a Japanese corporation, acting through its  
Mobile Communications Company

By: s/ Tetsuya Mizoguchi

Name: Tetsuya Mizoguchi  
Title: President and CEO,  
Mobile Communications  
Company

AUDIOVOX COMMUNICATIONS

CORP.,

a Delaware corporation

By: s/ Philip Christopher

-----  
Name: Philip Christopher  
Title: Chief Executive Officer

Exhibit 99.4

## ANNEX I

### CERTAIN DEFINITIONS

"AFFILIATE" of a specified Person means any Person that controls, is controlled by or is under common control with such specified Person. For purposes of this definition, "CONTROL" shall mean the possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or other ownership interests, by contract or otherwise).

"BUSINESS" means the research, development, design, manufacture, marketing, sale and/or service of Products.

"BUSINESS DAY" means a day on which commercial banks in New York City are generally open to conduct their regular banking business.

"GOVERNMENTAL AUTHORITY" means any federation, nation, state, sovereign or government, any federal, supranational, regional, state, local or municipal political subdivision, any governmental or administrative body, instrumentality, department or agency, or any court, administrative hearing body, arbitrator, commission or other similar dispute resolving panel or body, and any other entity exercising executive, legislative, judicial, regulatory or administrative functions of a government.

"LAWS" means all applicable provisions of all (i) constitutions, treaties, statutes, laws (including common law), rules, regulations, ordinances or codes of any Governmental Authority, and (ii) orders, decisions, injunctions, judgments, awards and decrees of any Governmental Authority.

"PERSON" means a natural individual, Governmental Authority, partnership, firm, corporation or other entity.

"STRATEGIC PERSON" means any of Motorola, Nokia, Ericsson, Kyocera, Sanyo, Sharp or other similar companies that compete with a Party in the Business.

"TRANSACTION AGREEMENTS" means this Agreement; the Securities Purchase Agreement; the Stockholders Agreement; the Employment Agreement dated as of the date hereof between ACC and Philip Christopher; the Trademark License Agreement dated as of the date hereof between Audiovox and ACC; the Shared Services Agreement dated as of the date hereof between Audiovox and ACC; the Non-Negotiable Subordinated Convertible Promissory Note by ACC to Toshiba; and the Non-Negotiable Demand Note by ACC to Audiovox dated the date hereof.

EXHIBIT 6.1  
DUTIES OF TOSHIBA'S OFFICER DESIGNEES

Executive Vice President

Supervises the Chief Technology Officer for Toshiba Products and the Vice President for Merchandizing -- Toshiba Products.

Participates in the decision making of ACC, including through executive meetings.

Chief Technology Officer for Toshiba Products

Responsible for technology matters for Toshiba Products.

Represents ACC on matters relating to Toshiba technology in coordination with Hino Works and other applicable Toshiba facilities.

Vice President for Merchandizing -- Toshiba Products

Coordinates and participates in the production, sale and inventory of Toshiba Products.

Coordinates and participates in product planning for Toshiba Products, including concept proposals for Toshiba Products.

Supports sales promotion of Toshiba Products.

SCHEDULE 6.2 EXECUTIVE MEETINGS

Material change in organizational structure

Human resource planning and incentives

The launch plan for individual Toshiba Products (including specification, cost and other factors) based on the product roadmap and concept made by mutual cooperation between ACC and Toshiba

Service and maintenance operations

Major sales strategy for each Carrier in North America

Major regional sales channel strategy

Major general sales strategy and policy

Sales policy in the Territory (by country) in South America

Sales policy in the Territory (by country) outside North and South America

Sales promotion and advertisement policy

Pricing

Budget and Mid-Term Business Plan of ACC

Any other matters which are reasonably acceptable to the CEO



THIS NOTE AND THE EQUITY SECURITIES INTO WHICH THIS NOTE MAY BE CONVERTED HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THEY MAY NOT BE SOLD, OFFERED FOR SALE, PLEDGED, HYPOTHECATED OR OTHERWISE DISPOSED OF EXCEPT IN COMPLIANCE WITH THE REGISTRATION OR QUALIFICATION PROVISIONS OF APPLICABLE UNITED STATES FEDERAL, STATE AND FOREIGN SECURITIES LAWS OR APPLICABLE EXEMPTIONS THEREFROM.

TRANSFER OF THIS NOTE AND THE EQUITY SECURITIES INTO WHICH THIS NOTE MAY BE CONVERTED ARE RESTRICTED PURSUANT TO THE STOCKHOLDERS AGREEMENT DATED AS OF MAY 29, 2002, BY AND AMONG AUDIOVOX CORPORATION, TOSHIBA CORPORATION AND AUDIOVOX COMMUNICATIONS CORP., COPIES OF WHICH ARE ON FILE AT THE PRINCIPAL OFFICE OF AUDIOVOX COMMUNICATIONS CORP.

AUDIOVOX COMMUNICATIONS CORP.  
NON-NEGOTIABLE SUBORDINATED CONVERTIBLE PROMISSORY NOTE

\$8,106,667

May 31, 2002

For value received, Audiovox Communications Corp., a Delaware corporation ("ACC"), promises to pay to Toshiba Corporation, a Japanese corporation (the "HOLDER"), or to the Holder's successors or assigns, the principal amount of Eight Million One Hundred Six Thousand Six Hundred Sixty-Seven Dollars (\$8,106,667) in accordance with the terms of this Subordinated Convertible Promissory Note (this "NOTE").

1. INTEREST. This Note shall bear interest at a per annum rate equal to 1.75%, computed on the basis on the actual number of days elapsed and a year of 365 days. Interest hereunder shall be payable annually on May 31 of each year, commencing May 31, 2003.

2. MATURITY. Subject to Sections 4 and 5, the unpaid principal amount hereof shall be due and payable on May 31, 2007 (the "MATURITY DATE"), together with all interest then accrued and unpaid hereunder; provided that if this Note has not been converted in full into Convertible Shares pursuant to Section 4 on or prior to May 31, 2007, the Maturity Date shall be automatically extended until May 31, 2012 without any further action of ACC or the Holder. All payments hereunder (including pursuant to Section 4) shall be credited first against accrued and unpaid interest and then against principal.

3. NO PREPAYMENT. Subject to Section 4, no prepayment of any amount under this Note may be made prior to the Maturity Date without the Holder's prior written consent.

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4. CONVERSION.

(A) OPTIONAL CONVERSION. At any time and from time to time following the date hereof, the Holder shall have the right at its election to convert all or any portion of the unpaid principal amount hereof and the accrued and unpaid interest hereunder into a number of shares ("CONVERSION SHARES") of ACC's Class B Common Stock, no par value per share, equal to the amount hereunder to be converted divided by \$773,818.19 (subject to adjustment as provided in Section 4(d), the "CONVERSION PRICE"); provided that (i) the Holder may not convert this Note under this Section 4(a) if, after giving effect to the proposed conversion, the outstanding shares of ACC capital stock held by the Holder would exceed 25% of the total outstanding shares of ACC capital stock and (ii) prior to and in connection with such conversion, Borrower may pay in cash all or any portion of the accrued and unpaid interest hereunder.

(B) MANDATORY CONVERSION. ACC may require the Holder to convert all or any portion of the unpaid principal amount hereof and the accrued and unpaid interest hereunder into a number of Conversion Shares equal to the amount hereunder to be converted divided by the Conversion Price if, after giving effect to the proposed conversion, the outstanding shares of ACC capital stock held by the Holder would not exceed 25% of the total outstanding shares of ACC capital stock.

(C) PROCEDURE FOR CONVERSION. In connection with any conversion of this Note, the Holder shall deliver written notice of the conversion to ACC at its principal office, specifying the amount hereunder to be converted,

and together with the original Note, duly endorsed for conversion. ACC shall, as soon as practicable thereafter, issue and deliver to the Holder a certificate or certificates for the Conversion Shares to be issued to the Holder, together with a Note in the form hereof in the principal amount of any unconverted and outstanding portion of this Note following the conversion.

(D) ADJUSTMENT TO CONVERSION PRICE. The Conversion Price shall be subject to appropriate adjustment so as to protect the rights of the Holder upon the occurrence on or after the date hereof of any stock dividend, stock split, reverse stock split, recapitalization, reclassification, merger, combination, consolidation or other similar transaction affecting the capital stock of ACC. Upon each occurrence of any event described in the immediately preceding sentence, the Conversion Price in effect immediately prior to such event shall be adjusted (and any other appropriate actions shall be taken by ACC) so that the Holder, upon any conversion, shall be entitled to receive the number of shares of ACC capital stock or other property, including cash or securities, that the Holder would have owned or would have been entitled to receive upon or by reason of any of the events described above, had this Note been converted immediately prior to the date of such event, or if such event has a record date, then the record date applicable to such event. An adjustment made pursuant to this Section shall become effective retroactively to the close of business on the day upon which the applicable event is consummated.

(E) CONVERSION SHARES. ACC covenants and agrees that, so long as any amount owing under this Note remains outstanding, ACC shall reserve and keep available for issue upon conversion of this Note such number of ACC's authorized but

Exhibit 99.5

unissued shares of capital stock as will be sufficient to permit the conversion in full of this Note. All Conversion Shares that are issued upon conversion of this Note shall be duly and validly issued, fully paid and nonassessable and free and clear of any liens, claims and restrictions.

5. ACCELERATION. The entire unpaid principal amount hereof and all accrued and unpaid interest hereunder shall become automatically and immediately due and payable without any notice, demand or other action by the Holder upon the occurrence of any of the following:

(A) ACC commences a voluntary case or other proceeding seeking liquidation, reorganization, or other relief with respect to itself or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for ACC or any substantial part of its property, or taking possession by any such official in any involuntary case or other proceeding commenced against ACC, or makes a general assignment for the benefit of creditors, or fails generally to pay its debts as they become due, or takes any corporate action to authorize any of the foregoing; or

(B) An involuntary case or other proceeding is commenced against ACC seeking liquidation, reorganization or other relief with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for ACC or any substantial part of its property, and such involuntary case or other proceeding remains undismissed and unstayed for a period of one hundred twenty (120) days.

6. SUBORDINATION.

(A) The Holder of this Note, for itself and its successors and assigns, agrees that this Note and the obligations represented thereby (the "SUBORDINATED OBLIGATIONS") shall, to the extent and in the manner hereinafter set forth, be subordinated and subject in right of payment to the prior payment in full of all Senior Indebtedness hereinafter defined. The term "Senior Indebtedness" means (a) all indebtedness of ACC, including the principal of and premium, if any, and interest on such indebtedness whether outstanding on the date of this Note or thereafter created, (i) for borrowed money, together with all amounts for fees and expenses and other amounts due to any banks or like financial institutions, (ii) constituting purchase money indebtedness for the payment of which ACC is directly or contingently liable, (iii) constituting reimbursement obligations under bank letters of credit and standby letters of credit, (iv) under steamship guarantees and airway releases, (v) under any lease of real or personal property, whether outstanding on the date of execution of this Note or thereafter created, incurred or assumed, which obligations are capitalized on the books of ACC in accordance with generally accepted accounting principles, (vii) for accounts payable, accrued expenses and taxes payable, (viii) relating to indebtedness of others of the kinds referred to in the foregoing clauses (i) through (vii) guaranteed or assumed, directly or indirectly, by ACC, and (b) any modifications, refundings, deferrals, renewals or extensions of any such Senior Indebtedness, or securities, notes, debentures or other evidences of indebtedness issued in exchange for such Senior Indebtedness. As used in the preceding sentence the term

"purchase money indebtedness" means indebtedness evidenced by a note, debenture, bond or other similar instrument (whether or not secured by a lien or other security interest) given in connection with the acquisition of any business, properties or assets of any kind acquired by ACC or any subsidiary.

(B) Except as set forth in Section 1 and subject to Section 4, no payment in respect of the Subordinated Obligations (including, without limitation, at any time after the Subordinated Obligations shall have been declared due and payable prior to the Maturity Date) or any judgment with respect thereto shall be made by or on behalf of ACC until the Senior Indebtedness shall have been paid in full and the Holder of this Note shall not make any demand for such payment; provided that this Section 6 shall not restrict the right of the holders of the Subordinated Obligations to receive payment thereon upon the stated Maturity Date thereof, except with respect to any Senior Indebtedness that is due and owing (whether by maturity, acceleration or otherwise) or with respect to which ACC is in default on such stated Maturity Date. For purposes of this Note, "payment in full" and "paid in full" as used with respect to any Senior Indebtedness, means the receipt of cash equal to the amount of all such Senior Indebtedness, or the receipt of cash equivalents in an equal amount reasonably satisfactory to such holders of Senior Indebtedness or such payment in full shall have been duly provided for in a manner satisfactory to such holders of Senior Indebtedness in the sole discretion of such holders.

(C) In the event that notwithstanding the foregoing provisions of this Section 6, any holder of Subordinated Obligation shall have received any payment or distribution with respect to the Subordinated Obligation contrary to the foregoing provisions of this Section 6, then and in any such event such payment or distribution shall be held in trust for the benefit of, and shall be immediately paid or delivered by such holder to, as the case may be, the holders of the Senior Indebtedness remaining unpaid for application to the payment of the Senior Indebtedness remaining unpaid. The subordination provisions in this Section 6 are for the benefit of and shall be enforceable directly by the holders of Senior Indebtedness and each such holder of Senior Indebtedness shall be deemed to have acquired such Senior Indebtedness in reliance upon the subordination provisions in this Section 6. No right of any present or future holder of any Senior Indebtedness to enforce subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or omission in good faith by any such holder, or by any noncompliance by ACC with the terms and provisions and covenants herein regardless of any knowledge thereof any such holder may have or otherwise be charged with.

(D) In no event shall any term or condition in this Note be amended or otherwise modified without the consent of the Required Lenders under (and as defined in) the Fourth Amended and Restated Credit Agreement, dated as of July 28, 1999, among Audiovox Corporation, the Lenders parties thereto and JPMorgan Chase Bank, as administrative agent and collateral agent (as amended, supplemented, otherwise modified or refinanced, refunded, renewed or extended). In the event that any payment or any part thereof of any Senior Indebtedness is rescinded or must otherwise be restored or returned to the holder of such Senior Indebtedness upon the insolvency, bankruptcy, dissolution, liquidation or reorganization of ACC or upon or as a result of the appointment

of a receiver, intervenor or conservator or, trustee or similar officer for ACC or any substantial part of any of its property, or otherwise, the holders of the Senior Indebtedness shall be entitled to the full benefits of the subordination provisions of this Section 6 and such subordination provisions shall be reinstated, all as though such payments had not been made. The provisions set forth in this Section 6 shall (i) remain in full force and effect until payment is made in full of all of the Senior Indebtedness, in cash, or such payment is duly provided for in a manner satisfactory to the holders of the Senior Indebtedness, (ii) be binding upon the holders of Subordinated Obligations, ACC and their respective successors, transferees and assigns, and (iii) inure to the benefit of, and be enforceable directly by, each of the holders of Senior Indebtedness and their respective successors, transferees and assigns.

7. GOVERNING LAW. This Note shall be construed and interpreted in accordance with and governed by the laws of the State of New York, U.S.A., including, without limitation, Section 5-1401 of the General Obligations Law of the State of New York (without regard to the choice of law provisions thereof).

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IN WITNESS WHEREOF, ACC has caused its duly authorized representative to execute this Non-Negotiable Subordinated Convertible Promissory Note as of the date first above written.

AUDIOVOX COMMUNICATIONS

CORPORATION,

a Delaware corporation

By: s/ Philip Christopher

-----  
Name: Philip Christopher

Title: Chief Executive Officer

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EMPLOYMENT AGREEMENT

BETWEEN

AUDIOVOX COMMUNICATIONS CORPORATION

AND

PHILIP CHRISTOPHER

THIS EMPLOYMENT AGREEMENT, effective as of May 29, 2002 ("Effective Date"), is by and among Audiovox Communications Corporation ("ACC"), a corporation organized and existing under the laws of the State of Delaware, Philip Christopher ("Executive"), and for purposes of Sections 5.3, 5.4 and 5.7 only, Audiovox Corporation, a Delaware corporation ("Audiovox").

WHEREAS, ACC wishes to employ Executive pursuant to the terms and conditions and for the consideration set forth in this Agreement, and Executive wishes to be employed by ACC pursuant to such terms and conditions and for such consideration.

NOW, THEREFORE, for and in consideration of the respective promises, covenants, and obligations contained herein, ACC and Executive agree as follows:

1. Introduction. ACC agrees to employ Executive, and Executive agrees to be employed by ACC, subject to the terms and conditions of this Agreement.

2. Definitions. Capitalized terms used in this Agreement shall have the meanings set forth below or as defined throughout this Agreement:

2.1. "Agreement" means this Employment Agreement effective as of the Effective Date.

2.2. [Intentionally Omitted]

2.3. "Board of Directors" or "Board" means the Board of Directors of ACC or any successor entity.

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2.4. "Cause" shall mean termination due to any of the following reasons:

2.4.1 The entry of a final judgment of conviction of the Executive by a trial court for a felony committed after the date hereof regardless of whether the Executive appeals the judgment, or entry of a plea of nolo contendere by the Executive to a felony;

2.4.2 The failure of Executive, other than by reason of his Disability or legal incompetence, to carry out the reasonable business directions of the Board, and the failure continues for more than thirty (30) days after the Board gives written notice to the Executive specifying the nature of the failure and, if such failure is capable of cure, requesting Executive to cure it;

2.4.3 Executive's breach of his material obligations under this Agreement; or

2.4.4 Any act of intentional misconduct by Executive materially and adversely affecting ACC, Audiovox or any of their respective affiliates.

2.5. "Consumer Price Index" means the Consumer Price Index for All Urban Consumers, U.S. City Average, All Items, as reported by the Bureau of Labor Statistics of the U.S. Department of Labor.

2.6. "Code" means the Internal Revenue Code of 1986, as amended. References to any section of the Code include corresponding successor provisions.

2.7. "Confidential Information" means any confidential information, not generally known to the public, related to the business or operations (past, present or future) of ACC, Audiovox or any of their respective affiliates that Executive has possession or knowledge of through his employment with ACC, Audiovox or any of their respective affiliates.

2.8. "Disabled" or "Disability" means a determination by an independent competent medical authority that Executive is unable to perform his duties as President and Chief Executive

Exhibit 99.6

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Officer of ACC and in all reasonable medical likelihood such inability will continue for more than one year. Unless otherwise agreed by Executive and the Board, Executive and ACC each shall select a board certified licensed physician, and the two physicians selected shall designate the independent medical authority, whose determination of Disability shall be binding upon Executive and ACC. ACC shall be entitled to request such a determination in the event that Executive has been unable to perform his duties hereunder by reason of physical or mental incapacity for a period of ninety (90) consecutive days or for ninety (90) days during any six (6)-month period during the term of this Agreement.

2.9. "Separation Payment" means a payment equal to the sum of (a) an amount equal to the remainder of the base salary required to be paid to Executive through the initial five- year term of this Agreement (assuming a percentage increase in the Consumer Price Index per year equal to the average percentage increase per year in the Consumer Price Index during the previous four calendar years prior to such calculation), plus (b) the product of (i) the greater of (xx) the number one (1) and (yy) the number of years (including fractions thereof) remaining from the date of Executive's termination until May 29, 2007, multiplied by (ii) the average of all annual bonus payments made to Executive pursuant to Section 5.8, plus (c) an amount in cash equal to one million dollars (\$1,000,000).

2.10. "Stock Option" means an option to purchase capital stock of Audiovox pursuant to any of the stock option plans maintained by Audiovox.

2.11. "Toshiba" means Toshiba Corporation, a Japanese corporation.

3. Term of Employment. The initial term of this Agreement commences on the Effective Date and, unless terminated at an earlier date in accordance with Section 7.2 or 7.3, shall continue until May 29, 2007. The term of this

Agreement shall automatically extend by consecutive twelve- month periods unless, prior to April 29, 2007, and prior to each April 29 thereafter, ACC notifies Executive in writing of ACC's intention to terminate this Agreement. If ACC so notifies Executive, then this Agreement terminates on May 29 of the year such written notice is delivered to Executive. If ACC elects not to renew this Agreement for any one-year extension period in accordance with this Section 3, or if ACC elects to terminate Executive for Cause pursuant to Section 2.4.2 or Section 2.4.3, then within thirty (30) days after the expiration of this Agreement pursuant to such election, ACC shall pay Executive an amount in cash equal to the product of (x) the base salary and annual bonus payment paid to Executive during the immediately preceding calendar year pursuant to this Agreement, multiplied by (y) .50; provided, however, that Executive shall be subject to the provisions of Section 8 in the event this Agreement expires pursuant to this Section 3, or if ACC terminates Executive for Cause pursuant to Section 2.4.2 or Section 2.4.3.

#### 4. Duties and Responsibilities.

4.1. Service. ACC shall employ Executive as ACC's President and Chief Executive Officer. Executive shall faithfully and diligently serve as ACC's President and Chief Executive Officer.

4.2. Other Activities. Executive shall not during the term of this Agreement, without the consent of the Board of Directors, (a) act as advisor, consultant, officer, partner, or in any other capacity, for any person or entity other than ACC or Audiovox, if such activity is for profit or pecuniary advantage; (b) engage in any other business activity other than business activity for ACC or Audiovox; or (c) cause or allow ACC or Audiovox to participate in any transaction with Executive or any of his relatives or with any entity in which Executive or any of his relatives has an interest other than holding less than five (5%) percent of an entity whose stock is publicly traded. Executive may make and manage his personal investments, provided the investments do not violate the

provisions of Section 6 and, further provided, the investments do not violate ACC's or Audiovox's policies as in effect from time to time on conflict of interest, insider trading, and any trading restriction policy applicable to ACC's or Audiovox's executive officers.

4.3. Director. During the term of this Agreement, Executive shall serve as a voting member and Chairman of the Board of Directors of ACC. In addition, the parties acknowledge that it is their intention that Executive shall retain his membership on the Board of Directors of Audiovox, subject to the future nomination decisions by the Board of Directors of Audiovox and the election decisions of the stockholders of Audiovox.

#### 5. Compensation and Benefits.

5.1. Benefits. Executive shall be eligible to participate in all deferred compensation, disability insurance, life insurance, retirement, and welfare benefit plans generally offered to executive officers of ACC.

5.2. Base Salary. Commencing on the Effective Date, Executive's annual base salary shall be five hundred thousand dollars (\$500,000), which shall be paid in installments in accordance with ACC's standard payroll practices. On each anniversary of the Effective Date, ACC shall increase Executive's annual base salary by the positive percentage change, if any, in the Consumer Price Index during the previous year.

5.3. Equity Incentives. During the term of this Agreement, Executive shall be eligible to receive equity incentives under the plans and programs applicable to ACC executive officers, which issuances shall, except as provided herein, be in the Board's discretion and subject to the terms and conditions of such plans and programs as in effect from time to time. As soon as possible after the Effective Date, the Board of Directors shall adopt an employee equity incentive plan reflecting the terms set forth in the document attached hereto as Exhibit A (the "Equity Incentive

Plan"). Executive shall allocate equity incentives issued under the Equity Incentive Plan as provided for in the document attached hereto as Exhibit A in his sole discretion, including equity incentives representing the equivalent of up to 45.45 percent of such equity incentives to himself; provided, however, that Audiovox shall have the right to review such allocation (other than the allocation made to Executive) and make changes to such allocation as Audiovox deems appropriate, in its sole discretion.

5.4. Vesting of Stock Options. As of the Effective Date, Executive shall become fully vested in all Stock Options previously granted to him under the Audiovox Corporation 1999 Stock Option Plan.

5.5. Reimbursement. ACC shall reimburse Executive for reasonable business expenses that he incurs in the performance of services under this Agreement on presentation to ACC of an itemized account of such expenses together with supporting documentation. In addition, ACC shall, within thirty (30) days after execution of this Agreement, pay or reimburse Executive for the reasonable attorney's and paralegal's fees and disbursements incurred by Executive in the negotiation, drafting, and execution of this Agreement.

5.6. Automobile. ACC shall provide Executive with exclusive use of a late model luxury class automobile leased and insured by ACC.

5.7. Bonus Pool. Within (30) days after Effective Date, Audiovox shall establish a bonus pool of three million, two hundred thousand dollars (\$3,200,000). Executive shall allocate the bonus pool among the key employees of ACC, including himself. Audiovox shall pay the appropriate key employees of ACC, including Executive, bonuses in the amount allocated pursuant to the immediately preceding sentence. Executive agrees that he shall, promptly following receipt of such bonus, use all or a portion of the amounts paid to him pursuant to this Section 5.7 to repay

to Audiovox any remaining outstanding principal amount and accrued but unpaid interest owed by Executive pursuant to the unsecured promissory note in favor of Audiovox for an amount equal to \$650,954.

5.8. Annual Bonus. During the term of this Agreement, ACC shall pay Executive an annual bonus equal to two (2%) percent of ACC's annual earnings before income taxes, determined in accordance with generally accepted accounting principles. The direct and indirect stockholders of ACC shall not allocate overhead and other expenses in a manner inconsistent with prior practices. ACC shall pay the annual bonus within ninety (90) days after the end of its fiscal year.

5.9. Vacation. Executive is entitled to four (4) weeks of vacation during each year of the term of this Agreement without diminution of compensation.

5.10. Insurance and Indemnification.

5.10.1 ACC shall provide coverage for Executive to the same extent as ACC's other officers for all insurance that ACC maintains to indemnify its directors and officers and to indemnify ACC for any obligations that it incurs from its undertakings to indemnify its directors and officers. ACC shall maintain the insurance for so long as Executive is subject to personal liability for service as an officer of ACC.

5.10.2 ACC shall use commercially reasonable efforts to maintain in force insurance indemnifying directors and officers from liability for their service to it, at not less than its present coverage and deductibles to the extent available to it on commercially reasonable terms.

5.10.3 ACC shall indemnify and hold harmless Executive for and from all assessments, costs, damages, expenses, fines, judgments, liabilities, losses, penalties, and reasonable attorney's and paralegal's fees and disbursements resulting from the Executive's service as an officer of ACC to the fullest extent permitted by law and on the most favorable terms that indemnification

is provided to any officer of ACC. ACC shall so indemnify the Executive for so long as Executive is subject to personal liability for service as an officer of ACC.

6. Confidential Information and Public Remarks.

6.1. Unique Position. Executive appreciates the unique position he will hold as ACC's President and Chief Executive Officer and understands that because of his position ACC will provide him unique and broad access to Confidential Information. Executive acknowledges that the business of each of Audiovox and ACC is competitive and that the Confidential Information of Audiovox and ACC constitutes valuable and unique assets of Audiovox and ACC.

6.2. Therefore, Executive agrees as follows:

6.2.1 Disclosure and Misuse. Except in furtherance of his duties to Audiovox or ACC, Executive shall not disclose to third-parties or use either for himself or others, any Confidential Information without first obtaining the written consent of Audiovox or ACC, as applicable. Any records of Confidential Information prepared by Executive or that come into his possession or to which he has access during his employment with ACC or, if applicable, Audiovox, shall remain the property of ACC or Audiovox, as applicable. Upon termination of his employment with ACC or, if applicable, Audiovox, Executive shall not remove any such records or copies thereof, and shall promptly deliver such records and copies in his personal possession to Audiovox or ACC, as applicable. The obligations of this Section 6.2.1 shall survive termination of Executive's employment.

6.2.2 Public Statement Prohibition. Executive shall refrain from publishing or making any oral or written statements about Audiovox, ACC or any of their respective affiliates or any director, officer, or holder of more than five (5%) percent of the voting securities of any of the foregoing, that are derogatory or disparaging. The obligations of this Section 6.2.2 shall survive

termination of Executive's employment.

6.2.3 Opportunities. During the term of his employment, Executive may acquire knowledge of business opportunities pertaining to the business in which ACC, Audiovox or their respective affiliates are engaged. Executive shall promptly disclose to ACC or Audiovox, as applicable, any such business opportunity and will refrain from exploiting any such business opportunity for himself or any third party without the prior written consent of ACC or Audiovox, as applicable.

## 7. Termination of Employment.

7.1. Termination Date. For purposes of this Agreement, the Termination Date with respect to Executive's employment hereunder shall be as follows:

7.1.1 the date of Executive's death;

7.1.2 the first business day following the date upon which the determination of Executive's Disability is finally made;

7.1.3 subject to Section 2.4.2, the date on which ACC delivers notice to Executive of the termination of his employment hereunder for Cause;

7.1.4 the date which is ten (10) business days following the date on which ACC delivers notice to Executive of the termination of his employment hereunder other than for Cause;

7.1.5 the date which is ten (10) business days following the date on which Executive delivers notice to ACC of the termination of his employment hereunder for any reason other than as set forth in Section 7.2; or

7.1.6 subject to Sections 7.2.4 and 7.2.6, the date which is ten (10)

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business days following the date on which Executive delivers notice to ACC of the termination of his employment pursuant to Sections 7.2.2 through 7.2.7.

7.2. Separation Payment. ACC shall pay Executive the Separation Payment within thirty (30) days after the date of termination of his employment hereunder if he is terminated prior to the fifth anniversary of the Effective Date due to any one or more of the following events:

7.2.1 ACC terminates Executive's employment without Cause;

7.2.2 Executive resigns his employment within ninety (90) days after (i) he is removed as President or Chief Executive Officer of ACC (except in connection with the termination of his employment by ACC, or (ii) after he is assigned duties that result in a significant adverse change or diminution in the Executive's authority and responsibilities, except in the event that as a result of a reasonable, good faith determination made by ACC that Executive is unable to perform his duties by reason of a physical or mental incapacity, ACC temporarily assigns Executive's duties to another person during the period of such physical or mental incapacity; provided, however, that the parties acknowledge and agree that, for purposes of this Agreement, in no event shall the fact that Executive ceases to be a member of the Board of Directors of Audiovox, for any reason whatsoever, be deemed to be an event that results in a significant adverse change or diminution in Executive's authority and responsibilities;

7.2.3 Executive resigns his employment within ninety (90) days after ACC notifies Executive in writing that the Board has decided to reduce Executive's base salary or any annual bonus payable pursuant to Section 5.8 or will not grant the increase in base salary under Section 5.2;

7.2.4 Executive resigns his employment within ninety (90) days after nonpayment of base salary when due other than for an inadvertent failure that is cured within thirty

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(30) days after the Executive notifies the Board in writing of the nonpayment;

7.2.5 Executive resigns his employment within ninety (90) days after the failure of ACC to timely pay the annual bonus under Section 5.8;

7.2.6 Executive resigns his employment within ninety (90) days after the material breach by ACC of any obligation under this Agreement (other than those set forth in Sections 7.2.1 through 7.2.5), and the failure of ACC to cure the breach within thirty (30) days after the Executive notifies the Board in writing of the breach; or

7.2.7 Executive resigns his employment within ninety (90) days after ACC consummates a merger, reorganization, sale of all or substantially all of its assets, or other similar transaction (excluding a merger where ACC is the surviving entity) where the successor entity fails to expressly assume all of ACC's obligations under this Agreement.

7.3. No Separation Payment. Executive shall not be entitled to a Separation Payment if his employment with ACC terminates (i) for any reason after the fifth year anniversary of the Effective Date, or (ii) prior to the fifth year anniversary of the Effective Date due to any of the following events:

7.3.1 Executive dies during the term of this Agreement;

7.3.2 Executive retires or resigns his employment at any time for any reason other than as set forth in Section 7.2;

7.3.3 Executive resigns his employment after he becomes Disabled or his employment is terminated after he becomes Disabled; or

7.3.4 ACC terminates Executive's employment for Cause. Upon termination of Executive's employment under circumstances not entitling him to a Separation Payment, for Cause, Executive shall be entitled to receive the monthly installment of his

annual base salary being paid at the time of termination, and any other reimbursements and payments required under this Agreement through the Termination Date. Thereupon, this Agreement shall terminate and Executive shall have no further rights under or be entitled to any other benefits and payments under this Agreement; provided, however, that (a) the provisions of Sections 5.10, 6, and 8 through 16 shall survive any termination of Executive's employment hereunder except as may be required by law or under any tax-qualified pension plan in which Executive participates at the effective date of termination.

#### 7.4. Equity Incentives.

7.4.1 Vesting Period. If Executive becomes entitled to a Separation Payment under Section 7.2., Executive shall become fully vested in and shall be entitled to exercise any unvested equity incentives ACC issued to him prior to the Termination Date pursuant to the Equity Incentive Plan and/or shall be entitled to any payment from the Equity Incentive Plan in accordance with the terms of such plan.

7.4.2 Exercise Period. If Executive becomes entitled to a Separation Payment under Section 7.2., the period during which Executive may exercise vested equity incentives issued pursuant to the Equity Incentive Plan shall be extended to the earlier of (a) the expiration of the term of the applicable equity incentive, and (b) the twelve-month anniversary of the Termination Date.

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## 8. Noncompetition, Etc.

8.1. Noncompete. During the initial term and any renewal term of the Executive's employment hereunder, and for a period of one year after the termination of Executive's employment hereunder for any reason whatsoever (such period being referred to herein as the "Restricted Period"), Executive shall not, in absence of the written consent of the Board of Directors, directly or indirectly, own any interest in, operate, join, control or participate as a partner, director, principal, officer or agent of, enter into the employment of, act as a consultant to or perform any services for, any entity which competes, directly or indirectly, with any business conducted by ACC or any of its subsidiaries in any country or jurisdiction in which ACC or any of subsidiaries operates such business; provided, however, that nothing in the foregoing shall prohibit Executive from owning up to 2% of an entity whose stock is publicly traded.

8.2. Nonsolicitation of Customers. During the Restricted Period, Executive shall not, in absence of the prior written consent of the Board of Directors, directly or indirectly, request, induce or attempt to influence any customer of ACC or any of its subsidiaries to terminate, cancel or reduce or modify such customer's business relationship with ACC or any of its subsidiaries, or divert its business with ACC or any of its subsidiaries to any person or entity then in competition with any business conducted by ACC or any of its subsidiaries.

8.3. Nonsolicitation of Employees. During the Restricted Period, Executive shall not, in absence of the prior written consent of the Board of Directors, directly or indirectly, employ, solicit for employment, or advise, encourage or recommend to any other person or entity that such person or entity employ or solicit for employment, or aid or assist any other person or entity in the employment or soliciting for employment of, any person who is then employed by ACC or any of its subsidiaries; provided, however, that the foregoing shall not apply to persons who are hired as a result

of the use of a general solicitation (such as an advertisement) not specifically directed to any of the employees of ACC or any of its subsidiaries.

8.4. Enforcement. In the event that any restriction against engaging in the activities described in this Section 8 shall be determined by any court of competent jurisdiction to be unenforceable by reason of its extending for too great a period of time or by reason of its being too extensive in any other respect, such restriction shall be interpreted to extend only over the maximum period of time for which it may be enforceable and to the maximum extent in all other respects as to which it may be enforceable, all as determined by such court in such action.

8.5 Injunctions. Executive acknowledges that the services to be rendered by him to ACC are of a special and unique character, which gives this Agreement a peculiar value to ACC, the loss of which may not be reasonably or adequately compensated for by damages in an action at law, and that a breach or threatened breach by him of any of the provisions contained in this Section 8 will cause ACC irreparable injury. Executive therefore agrees that ACC shall be entitled, in addition to any other right or remedy, to a seek temporary, preliminary or permanent injunction in a federal or state court of competent jurisdiction in Suffolk County, New York, notwithstanding the provisions of Section 9 hereof, without the necessity of proving the inadequacy of monetary damages or the posting of any bond or security, enjoining or restraining Executive from any such breach or threatened breach.

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## 9. Arbitration.

9.1. All claims and disputes arising out of or relating to this Agreement, Executive's employment with ACC, and any other relationship between ACC and Executive ("Arbitrable Claims"), other than a claim seeking a temporary, preliminary or permanent injunction enjoining or restraining Executive from any breach or threatened breach of the restrictive covenants set forth in Section 8, shall be resolved by final and binding arbitration in New York, New York, under the Federal Arbitration Act in accordance with the Employment Dispute Resolution Rules then in effect with the American Arbitration Association. This Section 9 applies both during and after termination of Executive's employment. Either party has the right to enforce this agreement to arbitrate in federal or state court.

9.2. All proceedings and documents prepared in connection with any Arbitrable Claim shall be Confidential Information and, unless otherwise required by law, the contents and subject matter thereof shall not be disclosed to any person or entity other than the parties to the proceedings, their counsel, witnesses and experts, the arbitrator, and, if court enforcement of an arbitration award is sought, the court hearing such matter.

9.3. If any party institutes a proceeding to compel arbitration, or institutes arbitration, the party who substantially prevails in such proceeding or arbitration, whether plaintiff or defendant, in addition to the remedy or relief obtained in such proceeding or arbitration, shall be entitled to recover the reasonable fees, disbursements, and expenses such prevailing party incurred in such proceeding or arbitration, including without limitation reasonable attorney's and paralegal's fees and disbursements, and the fees of the arbitrators and the American Arbitration Association.

10. Notices. Notices and all other communications under this Agreement shall be in writing and shall be deemed to have been given when personally delivered, or when mailed by United

States registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

ACC or Audiovox:

Audiovox Communications Corp.  
150 Marcus Boulevard  
Hauppauge, NY 11788  
U.S.A.  
Attention: Charles M. Stoehr  
Telephone: (631) 436-6505  
Facsimile: (631) 231-1370

With a copy to:

Audiovox Communications Corp.  
555 Wireless Boulevard  
  
Hauppauge, NY 11788  
U.S.A.  
  
Attention: Neil Levine  
Telephone: (631) 233-3338  
Facsimile: (631) 233-3437

With a copy to:

Levy & Stopol, LLP East Tower, 14th Floor 190 EAB  
Plaza Uniondale, NY 11556-0190 U.S.A.  
  
Attention: Robert S. Levy, Esq.  
Telephone: (516) 802-7007  
Facsimile: (516) 802-7008

Executive:

Philip Christopher  
108 Fairway View Drive

Commack, NY 11725  
U.S.A.

Telephone: (631) 233-3342  
Facsimile: (631) 951-0784

With a copy to:

Kerry M. Parker

Gibbons, Del Deo, Dolan, Griffinger & Vecchione

One Riverfront Plaza  
Newark, NJ 07102  
Telephone: (973) 596-4500  
Facsimile: (973) 639-6346

Either ACC or Executive may provide a change of address to the other in writing, and notices of changes of address shall be effective upon receipt.

11. Controlling Law. EXCEPT AS OTHERWISE PROVIDED IN THIS AGREEMENT, THIS AGREEMENT SHALL BE GOVERNED BY THE LAWS OF THE STATE OF DELAWARE REGARDLESS OF THE LAWS THAT MIGHT OTHERWISE APPLY UNDER PRINCIPLES OF CONFLICT OF LAWS.

12. Separability and Construction. The provisions of this Agreement shall be enforceable to the fullest extent permitted by law. If any provision or the application thereof to any person or entity is, to any extent, determined by an arbitrator or a court to be invalid or unenforceable in whole or in part, then such provision shall be construed in a manner so as to permit its enforceability under the applicable law to the fullest extent permitted by law. If an arbitrator or a court declares void or unenforceable any remedy provided in this Agreement, then the arbitrator or court shall award, instead of the invalid remedy, such damages or other remedy as would ordinarily be available in law or equity. In any case, the remaining provisions of this Agreement or the application thereof shall

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remain in full force and effect.

13. Nonwaiver. Any waiver by any party of any act or omission that is a breach of any provision of this Agreement is a waiver only of that particular act or omission at that particular time, and is not a waiver of any other act or omission.

14. Entire Agreement. This Agreement and the exhibits attached hereto constitutes the entire agreement between the parties pertaining to the subject matter hereof, and supersedes and is in full substitution of all prior and contemporaneous oral and written agreements

15. Modification in Writing. No addition to, or modification of, this Agreement shall be effective unless it is in writing and signed by ACC, Audiovox and the Executive.

16. Headings and Captions. The headings and captions in this Agreement are solely for convenience of reference, and shall not be used in the construction and interpretation of this Agreement.

17. Assumption of Obligations. Each of ACC or Audiovox may assign its rights hereunder to any successor entity (whether by merger or acquisition of substantially all the assets of ACC or Audiovox, as applicable, or otherwise) provided that the assignment shall not adversely affect any benefits, compensation, and rights of Executive. Except as set forth in this Section 17, none of ACC, Audiovox or Executive may assign its or his rights under this Agreement without the written consent of the other parties.

18. Execution. The parties may execute this Agreement in multiple counterparts, each of which is deemed to be an original, and all of which constitute one Agreement.

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IN WITNESS WHEREOF, the parties have executed this Agreement on this 29th day of May, 2002 and effective as of the Effective Date.

AUDIOVOX COMMUNICATIONS CORP.

By: s/ Charles M. Stoehr

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Name: Charles M. Stoehr  
Title: Secretary

AUDIOVOX CORPORATION  
(For Purposes of Sections 5.3, 5.4 and 5.7 Only)

By: s/ John J. Shalam

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Name: John J. Shalam  
Title: Chief Executive Officer

EXECUTIVE:

By: s/ Philip Christopher

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PHILIP CHRISTOPHER

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AGREEMENT made as of this 29th day of May, 2002 between AUDIOVOX CORPORATION, a Delaware corporation, having a principal office at 150 Marcus Boulevard, Hauppauge, NY 11788 ("Licensor") and AUDIOVOX COMMUNICATIONS CORP., a Delaware corporation, having a principal office at 555 Wireless Blvd., Hauppauge, NY 11788 ("Licensee"):

W I T N E S S E T H :

WHEREAS, Licensor is the owner of the valuable trademark "AUDIOVOX" as a word mark in various logos and designs, which is the subject of a registered trademark in the United States (Patent & Trademark Office Registration Numbers 1,234,338; 1,432,756 and 2,138,694) and many other countries (the "Trademark"), and

WHEREAS, Licensee has expressed a desire to be licensed to use the Trademark in connection with the manufacture and sale of Products (as hereinafter defined) for distribution to Licensee's Market (as hereinafter defined).

NOW, THEREFORE, it is agreed as follows:

1. LICENSE.  
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Subject to the terms and conditions of this Agreement, Licensor hereby grants to Licensee, and Licensee hereby accepts, a royalty free, non-exclusive and non-transferable license to use the trademark "AUDIOVOX" solely in connection with the sale, distribution and service of mobile cellular handset systems and other wireless communications devices that use the infrastructure of wireless communications carriers (the "Products") and to sell, distribute and service the same within Licensee's Market and Territory as hereinafter described, provided that all of said Products produced

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by Licensee shall be produced in accordance with the specifications and instructions submitted by Licensee to Licensor and approved by Licensor and provided further that all requirements of Licensor with respect to quality of Products sold under the Trademark shall be at all times strictly observed by Licensee and by its production facilities. Licensee may apply such Trademark only in connection with the Products produced by manufacturers approved by Licensor in accordance with such specifications and instructions, and the quality thereof shall at all time be satisfactory to Licensor. Upon request of Licensor, Licensee shall require that any production facility producing the Products to be sold under the Trademark shall in writing acknowledge the validity of the Trademark and agree to refrain from any use thereof for its own account or for the account of anyone other than Licensee or Licensor.

2. QUALITY CONTROL.  
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Licensee will permit or will arrange for permission to duly authorized representatives of the Licensor, at all reasonable times, to inspect the premises of the Licensee or of the production facilities which Licensee shall use and to inspect and test the Products in connection with which Licensee uses or intends to use the Trademark.

3. PACKAGING AND ADVERTISING.  
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Licensee shall so package the Products in connection with which it uses the said Trademark as to conform to the packaging design approved by the Licensor. Licensee agrees to submit to Licensor for its approval all designs for packaging which Licensee proposes to use and agrees that it will not use any packaging design which shall not have been previously approved by Licensor. Licensee further agrees that all advertising and other promotional material which it proposes to use

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with respect to Products to be sold under the Trademark shall be subject to review and approval of Licensor and that no such advertising will be published without such approval, which approval Licensor will not unreasonably withhold, provided that the same generally conforms to advertising standards observed by Licensor and provided further that all such advertising and all packaging of said Products shall contain a statement to the effect that said Trademark is the property of Licensor and that the Product so advertised or enclosed in any such package is manufactured and sold under license from Licensor.

4. PRODUCT LIABILITY INSURANCE AND INDEMNITY.  
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Licensee agrees to maintain product liability insurance in limits satisfactory to Licensor insuring both Licensee and Licensor against all liability which may arise or be asserted against either Licensor or Licensee or both, arising out of or connected with the use of Products produced and sold by Licensee under the said Trademark, and Licensee shall furnish to Licensor upon demand, and from time to time, certificates evidencing the continued maintenance of such product liability insurance. Notwithstanding such insurance, Licensee hereby indemnifies Licensor against any liability or loss which may be asserted or incurred through claims of third persons against the Licensor arising out of or related to the manufacture or sale of Products sold by Licensee under said Trademark.

5. EXTENT OF LICENSE.  
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The license granted by Licensor to Licensee hereunder shall be non-exclusive and is limited to the Products that are sold through the Carrier Distribution Channel. The Carrier Distribution Channel is comprised of:

- (a) A direct channel through which ACC sells Products to Carriers. The direct channel consists of (a) retail stores owned by Carriers and (b) the Carriers'

sales organizations for corporate enterprise customers; and

- (b) An indirect channel through which ACC sells Products to retailers, distributors and agents that are authorized by Carriers to activate Products, to sell air time on behalf of Carriers, to promote Products to end users and to perform other activities that support the sale of Products to end users on behalf of Carriers.

The Carrier Distribution Channel is referred herein as "Licensee's Market". Licensee's Territory is the United States, Canada, Mexico and all countries in Central America, the Caribbean and South America. This license shall be non-divisible and non-transferable without Licensor's prior consent. Nothing herein contained shall be construed to bar the Licensor from selling products bearing the Trademark in any market or anywhere in the world. Licensee agrees that it will not sell Products bearing the Trademark in any market or territory other than the Licensee's Market and Territory.

6. MAINTENANCE OF TRADEMARK.

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Licensor owns title to the Trademark and believes the use of the Trademark on the Products in Licensee's Market and Territory will not constitute an infringement of any other trademark used by a third party. In the event that Licensee receives notice, or is informed of any claim, suit or demand against Licensee on account of any alleged infringement relating to its use of the Trademark owned by Licensor and used by Licensee in accordance with the terms of this Agreement, Licensee shall promptly notify Licensor of any such claim, suit or demand. Thereupon, Licensor shall take such action as it may deem necessary to protect and defend Licensee against any such claim by any third party and shall indemnify Licensee against any loss, costs or expenses incurred in connection therewith. Licensee shall not settle or compromise any such claim by a third party without the prior written consent of Licensor. Licensor shall have the sole right to defend, compromise or settle any

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such claim, in its discretion, at Licensor's sole cost and expense, using attorneys of its own choosing, and Licensee agrees to cooperate fully with Licensor in connection with the defense of any such claim. Licensee may participate at its own expense in such defense or settlement, but Licensor's decision with regard thereto shall be final.

7. DURATION OF LICENSE.  
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- (a) This agreement and the license granted hereby shall take effect on the date hereof and unless sooner terminated, this agreement and the license granted hereby shall remain in full force and effect as long as AUDIOVOX CORPORATION owns more than fifty (50%) percent of the issued and outstanding shares of Licensee.
- (b) Notwithstanding any other provision of this agreement, either party shall have the right to terminate this agreement upon written notice to the other for failure to comply with any provision of this agreement, provided, however, that the party so notified shall have the right to cure any such default during a period of 60 days following the mailing of the notice of default, and that upon such correction, the said notice of termination shall have no further force or effect.
- (c) The license granted hereby shall terminate forthwith and without prior notice in the event that Licensee shall make any assignment of its assets or business for the benefit of creditors or shall take the benefit of any insolvency statute of the United States or any country, or if a trustee or receiver be appointed to administer or conduct its business or affairs, or if it be adjudged a bankrupt in any legal proceeding, or if any involuntary petition under any insolvency statute of the United States be filed against Licensee which shall not have been dismissed within thirty (30) days following the filing thereof.

(d) This agreement and the license granted hereby shall terminate forthwith and without prior notice in the event of the termination or dissolution of the Licensee.

8. OWNERSHIP OF TRADEMARK.

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Licensee acknowledges that Licensor is the sole and exclusive owner of all right, title and interest in and to the Trademark and all variations and derivations thereof. Licensee recognizes the value of the goodwill associated with the Trademark and acknowledges that all rights in and the goodwill pertaining to the Trademark, belong exclusively to Licensor. Licensee agrees that during the term of this Agreement, or thereafter, it will not attack the title or any rights of Licensor in the Trademark or otherwise take any action to damage the Trademark or the validity of the license. Licensee's use of the Trademark shall inure to the benefit of Licensor for trademark purposes. Licensee shall not, at any time, acquire any rights in the Trademark by virtue of any use it may make of the Trademark. Licensee shall use the Trademark with such words qualifying or identifying that Licensee's use of the Trademark is pursuant to this license agreement.

Licensee further acknowledges that it has not obtained and will not obtain any ownership, right, title or interest in or to the Trademark by reason of the fact that the Trademark or the word "AUDIOVOX" was used or will be used in the name under which the Licensee was formed or authorized to conduct business.

Upon termination of the license granted by this agreement for any reason whatsoever, Licensee will immediately cease and desist from any and all use of the Trademark for all purposes including but not limited to the sale, distribution and service of the Product. In addition, Licensee at its own expense will immediately take whatever steps are necessary and file whatever applications,

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amendments or documents necessary with the proper office of the State of Delaware or any other jurisdiction in which Licensee has recorded the word "AUDIOVOX" as part of its corporate name, to effect a change of its corporate name to a name without and dissimilar to the word "AUDIOVOX".

Licensee further agrees that in the event of such termination, Licensee will at no time adopt or use any word or mark which is likely to be similar to or confusing with the Trademark.

Nothing contained in this agreement shall be construed as an assignment to Licensee of any right, title or interest in and to the Licensed Trademark, it being understood that all right, title and interest relating thereto are expressly reserved by Licensor except for the rights being licensed hereunder, and as to such rights, only as expressly herein limited.

9. BOOKS AND RECORDS.  
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Licensee will keep accurate books and records covering all activities relating to the license being granted.

10. NOTICES.  
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Any notice required or permitted to be given by either party to the other under this agreement shall be deemed sufficiently given upon delivery in person or upon mailing by registered or certified mail, postage prepaid, return receipt requested, addressed to the party to be notified at its address shown at the beginning of this agreement or at such other address as may be furnished by notice similarly given.

11. MISCELLANEOUS.  
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This agreement may not be orally modified and no amendment thereof shall be

effective except upon the signature of a duly authorized representative of each of the parties hereto.

12. COUNTERPARTS.  
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This Agreement may be executed in one or more counterparts, each of which is to be deemed an original, and all of which constitute, collectively, one agreement.

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IN WITNESS WHEREOF, this Agreement has been executed by the duly authorized representatives of the parties hereto as of the day and year first written above.

AUDIOVOX COMMUNICATIONS CORP.  
(Licensee)

By: s/ Philip Christopher

-----  
Its: Chief Executive Officer

AUDIOVOX CORPORATION  
(Licensor)

By: s/ John J. Shalam

-----  
Its: Chief Executive Officer

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TRANSFER OF THIS NOTE IS RESTRICTED PURSUANT TO THE STOCKHOLDERS AGREEMENT DATED AS OF MAY 29, 2002, BY AND AMONG AUDIOVOX CORPORATION, TOSHIBA CORPORATION AND AUDIOVOX COMMUNICATIONS CORP., COPIES OF WHICH ARE ON FILE AT THE PRINCIPAL OFFICE OF AUDIOVOX COMMUNICATIONS CORP.

NON-NEGOTIABLE DEMAND NOTE

May 29, 2002  
Hauppauge, New York

FOR VALUE RECEIVED, the undersigned, AUDIOVOX COMMUNICATIONS CORP., a Delaware corporation (the "Borrower"), hereby unconditionally promises to pay to the order of Audiovox Corporation (the "Lender") at the office of 150 Marcus Blvd., Hauppauge, NY, in lawful money of the United States of America and in immediately available funds, the aggregate unpaid principal amount of all loans ("Loans") made by Lender to Borrower under this Note. Borrower further agrees to pay interest in like money at such office on the unpaid principal amount hereof from time to time outstanding at the same rate of interest that is available to Lender under the Fourth Amended and Restated Credit Agreement, dated as of July 28, 1999, among Audiovox Corporation, the lenders parties thereto and JPMorgan Chase Bank, as administrative agent and collateral agent (as amended, supplemented, otherwise modified or refinanced, refunded, renewed or extended, the "Credit Agreement").

The principal amount of this Note from time to time outstanding and all accrued and unpaid interest thereon shall be due and payable upon written demand in whole or in part by Lender to Borrower, such demand to take into account the financial condition of Borrower and other relevant factors.

Borrower acknowledges and agrees that Lender may make demand for payment hereunder for up to the full amount that Borrower is then able to borrow under credit facilities that Borrower may obtain in the future from third party financing sources.

Lender is authorized to endorse on Schedule 1 annexed hereto and made a part hereof (or in its internal records) or on a continuation thereof which shall be attached

Exhibit 99.8

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hereto and made a part hereof the date, type and amount of each Loan made hereunder and the date and amount of each payment or prepayment of principal thereof. Each such endorsement shall constitute prima facie evidence of the accuracy of the information endorsed. The failure to make any such endorsement (or any error therein) shall not affect the obligations of Borrower under this Note.

This Note may be prepaid at any time, in whole or in part and without premium or penalty. All payments hereunder shall be applied first to unpaid interest, next to expenses and last to principal payments.

All unpaid amounts hereunder shall automatically accelerate and immediately become due and payable by Borrower to Lender if:

(a) Borrower commences a voluntary case or proceeding seeking liquidation, reorganization, or other relief with respect to itself, or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for Borrower or any substantial part of its property, or taking possession by any such official in any involuntary case or other proceeding commenced against Borrower, or makes a general assignment for the benefit of creditors, or fails generally to pay its debts as they become due, or takes any corporate action to authorize any of the foregoing; or

(b) An involuntary case or proceeding is commenced against Borrower seeking liquidation, reorganization or other relief with respect to it or its debts under bankruptcy, insolvency or other similar law now or hereafter in effect or seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official for Borrower or any substantial part of its property and such involuntary case or other proceeding remains in undismissed and unstayed for a period of one hundred twenty (120) days; or

(c) Any Person (directly or indirectly through one or more Affiliates)

other than Lender and its Affiliates and Associates becomes the owner of a majority of Borrower's capital stock or acquires all or substantially all of Borrower's assets (whether through merger, stock purchase, asset purchase or another form of transaction).

Borrower agrees to pay Lender the same fees for banking transactions as Lender is charged under the Credit Agreement, provided that the fees charged to Borrower will only be for banking services used by Borrower including, without limitation, letter of credit commissions, activity fees, commitment fees, and bank transfer fees.

Borrower agrees to pay or reimburse Lender for all of its out-of-pocket costs

Exhibit 99.8

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and expenses incurred in connection with the collection of this Note, including, without limitation, fees and disbursements of Lender's counsel incurred in connection with any claim, action or any other proceeding seeking to enforce or preserve Lender's rights under this Note.

Borrower will continue to provide, as long as debt is outstanding to Lender hereunder, any guarantees and pledges of assets that are needed by Lender to maintain its Credit Agreement in effect; provided that such guarantee and pledge arrangements shall comply with the conditions contained in Section 1.5(m) of the Stockholders Agreement dated as of the date hereof among Borrower, Lender and Toshiba Corporation (the "STOCKHOLDERS AGREEMENT") relating to transactions involving Borrower and Lender and their Affiliates and Associates.

All parties now and hereafter liable with respect to this Note, whether maker, principal, surety, guarantor, endorser or otherwise, hereby waive presentment, demand, protest and other notices of any kind.

THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK, INCLUDING WITHOUT LIMITATION, SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK (WITHOUT REGARD TO CHOICE OF LAW PROVISIONS THEREOF).

This Note is a binding obligation enforceable against Borrower and its successors and assigns and shall inure to the benefit of the Lender and its successors and assigns. If a court deems any provision of this Note invalid, the remainder of the Note shall remain in effect.

In any action or other legal proceeding relating to this Note, Borrower (a) consents to the personal jurisdiction of any State or Federal court located in the State of New York, and (b) agrees that a copy of this Note kept in the Lender's course of business may be admitted into evidence as an original.

Unless otherwise defined herein, terms used herein that are defined in the Stockholders Agreement shall have the same meanings set forth for such terms in the Stockholders Agreement.

BORROWER AND LENDER EACH WAIVE ANY RIGHT TO TRIAL BY JURY IN ANY ACTION IN CONNECTION WITH THIS NOTE.

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IN WITNESS WHEREOF, Borrower has caused its duly authorized representative to execute this Note as of the date first above written.

AUDIOVOX COMMUNICATIONS CORP.,  
a Delaware corporation

By: s/Philip Christopher

-----  
Name: Philip Christopher  
Title: Chief Executive Officer

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AMENDED AND RESTATED  
CERTIFICATE OF INCORPORATION

OF

AUDIOVOX COMMUNICATIONS CORP.

INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE

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

The name of the corporation (the "Corporation") is Audiovox Communications Corp., formerly known as Audiovox Cellular Communications Corp.

The original Certificate of Incorporation was filed with the Secretary of State of the State of Delaware on May 26, 1995.

A Certificate of Amendment of the Certificate of Incorporation of the Corporation was filed with the Secretary of State of the State of Delaware on April 22, 1996 changing the name to Audiovox Communications Corp..

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 a special 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.

Pursuant to Section 103(d) of the DGCL, this Amended and Restated Certificate of

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Incorporation shall become effective immediately upon filing.

The text of the Certificate of Incorporation of the Corporation, as amended heretofore, is hereby amended and restated to read as stated on Exhibit A hereto.

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 29th day of May, 2002.

AUDIOVOX COMMUNICATIONS CORP.,  
a Delaware corporation

By: s/ Philip Christopher  
-----  
Philip Christopher, President

By: s/ Charles M. Stoehr  
-----  
Charles M. Stoehr, Secretary

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EXHIBIT A

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION

OF

AUDIOVOX COMMUNICATIONS CORP.

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

SECOND: The address of the Corporation's registered office in the State of Delaware is 2 West Lockerman Street, in the City of Dover, County of Kent, 19904, and the name of its registered agent at such address is National 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 sixteen hundred (1,600) shares, of which fifteen hundred (1,500) shall be Class A Common Stock, no par value per share (the "Class A Common Stock"), and one hundred (100) shall be Class B Common Stock, no par value per share (the "Class B Common Stock").

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

1. Election of Directors

- (a) The Board of Directors of the Corporation shall consist of five (5) directors.
- (b) With respect to the election of directors, holders of a majority-in-interest of Class A Common Stock voting as a separate class shall be entitled to elect four (4) directors. Holders of a majority-in-interest of Class B Common Stock voting as a separate class shall be entitled, subject to section 1(e) of this Article Fourth, to elect one (1) director. Directors elected by the holders of Class A Common Stock, voting as a separate class, shall be designated as "Class A Directors". Directors elected by the holders of Class B Common Stock, voting as a separate 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 1(e) of this Article Fourth, 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 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 shall 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 shall be filled by a vote of holders of Class A Common Stock and Class B Common Stock, voting together as a single class.
- (e) Following a Qualified IPO, so long as the shares of Class B Common Stock that are outstanding or then issuable upon conversion collectively constitute at least ten percent (10%) of the Corporation's Common Stock then issued and outstanding, the holders of Class B Common Stock shall continue to have the right voting as a separate class to elect one (1) Class B Director as provided in this section 1 of this Article Fourth; provided that the holders of Class B Common Stock shall not have such Class B Director election right if, notwithstanding the Corporation's good faith efforts to preserve such Class B Director election right, the managing underwriter for the Qualified IPO advises the Board of Directors of the Corporation in writing that the retention of the Class B Director election right following a Qualified IPO would harm the Corporation's prospects for achieving a Qualified IPO. In such case, the holders of the Class B Common Stock shall cease to have the right to elect one (1) Class B Director, 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 all of the directors.
- (f) Except as otherwise specifically stated in this Article Fourth, shares of Class A Common 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 as a separate class.
- (g) 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.
- (h) Notwithstanding anything in this section 1 of Article Fourth 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. Extraordinary Approval Items

Notwithstanding any other provision contained in this Certificate of Incorporation, the Corporation shall not take or agree to take, and shall not permit any of its controlled Affiliates to take or agree to take, directly or indirectly, any of the following actions ("Extraordinary Approval Items") without the prior written approval of the holders of a majority-in-interest of the then outstanding shares of Class B Common Stock:

- (a) Amend or modify any of its Organizational Documents;

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- (b) Engage in any line of business that is outside the scope of the Corporation's business;
- (c) Other than in the ordinary course of the Corporation's business, make any capital or other expenditures that, individually or together with all related expenditures, exceed twenty percent (20%) of the fair value of the total assets of the Corporation;
- (d) Other than in the ordinary course of the Corporation's business, incur, guarantee or otherwise become liable for, or grant Liens with respect to, any indebtedness that, individually or together with all related indebtedness, exceeds twenty percent (20%) of the fair value of the total assets of the Corporation;
- (e) Issue or sell capital stock (or any rights to acquire capital stock) other than common stock;
- (f) Declare or pay any dividends or other distributions (in cash or other property) on account of any equity securities, or redeem, retire, purchase or otherwise acquire any equity securities, other than to or from all stockholders on a pro rata basis in accordance with their respective holdings;
- (g) Other than in the ordinary course of the Corporation's business, pay, purchase, redeem, retire or otherwise acquire, directly or indirectly, any indebtedness (including debt securities) that, individually or together with all related indebtedness, exceeds twenty percent (20%) of the fair value of the total assets of the Corporation, other than at maturity or pursuant to fixed or mandatory prepayments, redemptions or sinking funds in accordance with the terms of the applicable indebtedness;
- (h) Merge or consolidate with or into another Person;
- (i) Other than in the ordinary course of the Corporation's business, sell, lease or otherwise dispose of assets that, individually or together with all related disposed assets, exceed twenty percent (20%) of the fair value of the total assets of the Corporation;
- (j) Other than in the ordinary course of the Corporation's business, (1) purchase or otherwise acquire (whether through a stock purchase, asset purchase, stock swap or otherwise) any business or assets that, individually or together with all related acquired business or assets, exceed twenty percent (20%) of the fair value of the total assets of the Corporation, or (2) enter into, terminate or materially amend the terms of any joint venture, partnership or similar transaction that, individually or together with all related transactions being undertaken, represent assets of the Corporation exceeding twenty percent (20%) of the fair value of the total assets of the Corporation;
- (k) Except for Contracts with underwriters in connection with the Corporation's initial public offering, enter into or amend any Contract that is outside the ordinary course of the Corporation's business and, individually or together with related Contracts, involves aggregate commitments in excess of twenty percent (20%) of the fair value of the total assets of the Corporation;

- (l) Change its independent accountants;
- (m) Enter into or amend any Contract between the Corporation or its controlled Affiliates, on the one hand, and Audiovox or its Affiliates or their respective associates, on the other hand, except for any Contracts or amendments thereto that are in good faith, in the ordinary course of business, and on terms that are at least as favorable to the Corporation as those available from third parties that are unaffiliated with Audiovox;
- (n) File a petition for bankruptcy, dissolution or liquidation, make a general assignment for the benefit of creditors, appoint a receiver or trustee to take possession of all or substantially all of its assets, or take any other action with respect to winding up and dissolution; or
- (o) Adopt or amend any employee equity incentive plan providing that the holders' rights under the plan will be triggered or exercisable in case of a change of control of the Corporation (whether through an acquisition of a majority of Corporation's capital stock, an acquisition of all or substantially all of Corporation's assets or a similar event conveying control of the Corporation).

### 3. Definitions

"Affiliate" of a specified Person means any Person that controls, is controlled by or is under common control with such specified Person. For purposes of this definition, "control" shall mean the possession, directly or indirectly, of power to direct or cause the direction of management or policies (whether through ownership of securities or other ownership interests, by contract or otherwise).

"Associate" of a Person means:

(i) any officer or director of such Person, or other Person serving in a similar role with respect to such Person;

(ii) any corporation or other entity of which such Person or any Person specified in clause (i) is an officer, partner, manager or Person serving in a similar role, or is, directly or indirectly, the beneficial owner of 5% or more of any class of equity securities;

(iii) any trust or other estate in or as to which such Person or any Person specified in clauses (i) or (ii) has a 10% or greater beneficial interest or serves as trustee or in a similar capacity; or

(iv) any relative or spouse of such Person or any Person specified in clause (i), or any relative of such spouse.

"Audiovox" means Audiovox Corporation, a Delaware corporation.

"Contract" means any contract, agreement, lease, plan, instrument or other document, commitment, arrangement, undertaking, practice, understanding or authorization, in each case whether or not in writing.

"Lien" means any lien, mortgage, security interest, pledge, restriction on transferability, defect of title or other claim, charge or encumbrance of any nature whatsoever on any property or property interest, including any restriction on the use, voting, transfer, receipt of income or other exercise of any attributes of ownership.

"Organizational Documents" of a Person means its certificate of incorporation, bylaws or other organizational documents.

"Person" means a natural individual, governmental authority, partnership, firm, corporation or other entity.

"Qualified IPO" means a public offering of Common Stock by the Corporation registered under the Securities Act of 1933 in which (i) the proceeds received by the Corporation for the sale of shares is at least Fifty Million Dollars (\$50,000,000) net of underwriting discounts and commissions, or (ii) Common Stock sold to public investors (which for purposes of clarification shall not include Audiovox or its Affiliates or Associates) represents at least ten percent (10%) of the outstanding Common Stock upon the consummation of the offering.

#### 4. Conversion

(a) Each share of Class B Common Stock may at any time be converted by the holder thereof 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 Corporation'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.

#### 5. Dividends

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 (subject in each case to section 2(f) of this Article Fourth ) by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor, provided that (a) 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; and (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.

#### 6. 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.

#### 7. 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 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.

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 a 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.

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SIXTH AMENDMENT AND CONSENT, dated as of May 28, 2002 (this "Amendment and Consent"), to the Fourth Amended and Restated Credit Agreement, dated as of July 28, 1999 (as amended pursuant to the First Amendment and Consent thereto, dated as of October 12, 1999, the Second Amendment thereto, dated as of December 20, 1999, the Third Amendment thereto, dated as of April 14, 2000, the Fourth Amendment and Waiver thereto, dated as of June 5, 2001, and the Fifth Amendment and Waiver thereto, dated as of March 14, 2002, and as the same may further be amended, supplemented or otherwise modified from time to time, the "Credit Agreement"), among Audiovox Corporation, a Delaware corporation (the "Borrower"), the several banks and other financial institutions from time to time parties thereto (collectively, the "Lenders"; individually, a "Lender"), and JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank), a New York banking corporation, as administrative and collateral agent for the Lenders (in such capacity, the "Agent").

W I T N E S S E T H :

WHEREAS, the Borrower, the Lenders and the Agent are parties to the Credit Agreement;

WHEREAS, the Borrower has requested that the Lenders amend certain terms in the Credit Agreement in the manner provided for herein;

WHEREAS, the Borrower has also requested that the Agent and the Lenders consent to the release of the Capital Stock of Audiovox Communications Corp., a Subsidiary of the Borrower, from the Lien of the Collateral Agent, for the benefit of the Lenders on such Capital Stock; and

WHEREAS, the Agent and the Lenders are willing to agree to the requested amendments and to provide the requested consent, on the terms and conditions provided for herein;

NOW, THEREFORE, in consideration of the premises contained herein, the parties hereto agree as follows:

1. Defined Terms. Unless otherwise defined herein, terms which are defined in the Credit Agreement and used herein (and in the recitals hereto) as defined terms are so used as so defined.

2. Amendments to Section 1. Subsection 1.1 of the Credit Agreement is hereby amended as follows:

(a) by deleting therefrom the definition of the following defined term in its entirety and substituting in lieu thereof the following definition:

"Borrowing Base": on any date of determination thereof, the sum of (a) 75% of the aggregate amount of Eligible Accounts of the Borrower and its consolidated Domestic and Canadian Subsidiaries on such date of determination and (b) the lesser of (i) 30% of the aggregate amount of Eligible Inventory of the Borrower and its consolidated Domestic and Canadian Subsidiaries on such date of determination and (ii) \$25,000,000. The Borrowing Base shall be reduced from time to time by an amount equal to the Foreign Exchange Liabilities of the Borrower as most recently determined prior to such time by the Agent pursuant to subsection 6.16. The Borrowing Base shall be determined by the Agent in its sole discretion exercising reasonable judgment from time to time by reference to the most recent

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monthly Borrowing Base Certificate delivered to the Agent pursuant to subsection 9.2(g). The Agent shall determine the Borrowing Base in effect on the first Business Day of each month during the Commitment Period and shall send a Borrowing Base Notice on such Business Day of the Borrower and each Lender setting forth the Borrowing Base as so determined. The Agent shall also send a Borrowing Base Notice to the Borrower and each Lender on each Business Day on which the Borrowing Base is changed other than pursuant to the immediately preceding sentence setting forth the Borrowing Base as so changed.

(b) by adding thereto the following definitions in their appropriate alphabetical order:

"Sixth Amendment and Consent": the Sixth Amendment and Consent, dated as of May 28, 2002, to this Agreement.

"Sixth Amendment Effective Date": May 28, 2002.

"Toshiba Note": the subordinated convertible promissory note issued by Audiovox Communications Corp., substantially in the form of Exhibit A to the Sixth Amendment and Consent, in an aggregate principal amount not to exceed \$10,000,000.

3. Amendment to Subsection 10.2 (Limitation on Indebtedness). Subsection 10.2 of the Credit Agreement is hereby amended by deleting clause (g) in its entirety and substituting in lieu thereof the following:

(g) Indebtedness of the Borrower which is subordinated and junior in right of payment to the Obligations (as defined in the Borrower Security Agreement) on terms and conditions satisfactory to the Agent and the Required Lenders (including, without limitation, Indebtedness of the Borrower under the Talk Note and Indebtedness of Audiovox Communications Corp. under the Toshiba Note);

4. Amendment to Subsection 10.3 (Limitation on Liens). Subsection 10.3 of the Credit Agreement is hereby amended by deleting the sentence at the end thereof in its entirety and substituting in lieu thereof the following:

In no event shall the Borrower create, incur, assume or suffer to exist any Lien upon the Capital Stock of CellStar or Audiovox Communications Corp. now owned or hereafter acquired by the Borrower, other than Liens in favor of the Collateral Agent for the benefit of the Lenders created pursuant to clause (g) above.

5. Amendment to Subsection 10.6 (Limitation on Sale of Assets). Subsection 10.6 of the Credit Agreement is hereby amended by deleting clause (i) in its entirety and substituting in lieu thereof the following:

(i) the sale or issuance of up to 30% of the Capital Stock of Audiovox Communications Corp. to Toshiba Corporation; and

6. Consent. The Agent and the Lenders parties hereto hereby consent to the release of the Capital Stock of Audiovox Communications Corp. from the Lien of the Collateral Agent, for the benefit of the Lenders, on such Capital Stock created pursuant to the Audiovox Pledge Agreement.

7. Representations and Warranties. On and as of the date hereof, the Borrower hereby confirms, reaffirms and restates the representations and warranties set forth in Section 7 of the Credit Agreement mutatis mutandis, except to the extent that such representations and warranties expressly relate to a specific earlier date in which case the Borrower hereby confirms, reaffirms and restates such representations

and warranties as of such earlier date.

8. Conditions to Effectiveness. This Amendment and Consent shall become effective as of the date first written above upon receipt by the Agent of (i) counterparts to this Amendment and Consent duly executed by the Borrower and the Required Lenders, (ii) an amendment fee in the amount of \$150,000 for the account of Lenders which have executed and delivered to the Agent this Amendment and Consent prior to Noon (New York City time) on May 28, 2002 (and will be paid to such Lenders pro rata according to their respective Commitments), (iii) an Acknowledgement and Consent in the form of Exhibit B hereto duly executed by each of the Guarantors, (iv) a prepayment of the Loans in an aggregate principal amount equal to the Net Cash Proceeds from the issuance of the Toshiba Note and any sale or issuance of the Capital Stock of Audiovox Communications Corp. and (v) all documentation relating to the issuance of the Toshiba Note and the sale or issuance of Capital Stock of Audiovox Communications Corp. to Toshiba Corporation, in each case satisfactory to the Agent, and evidence that such transactions shall have been consummated for aggregate cash consideration not less than \$32,000,000; provided that Section 2(a) of this Amendment and Consent shall become effective as of the date first written above upon satisfaction of the foregoing clauses (i) and (iii).

9. Continuing Effect. Except as expressly provided herein, all of the terms and provisions of the Credit Agreement are and shall remain in full force and effect. The amendments and consent provided for herein is limited to the specific subsections of the Credit Agreement specified herein and shall not constitute a consent, waiver or amendment of, or an indication of the Agent's or the Lenders' willingness to consent to any action requiring consent under or to waive or amend, any other provisions of the Credit Agreement or the same subsections for any other date or time period (whether or not such other provisions or compliance with such subsections for another date or time period are affected by the circumstances addressed in this Amendment and Consent).

10. Expenses. The Borrower agrees to pay and reimburse the Agent for all its reasonable costs and out-of-pocket expenses incurred in connection with the preparation and delivery of this Amendment and Consent, including, without limitation, the reasonable fees and disbursements of counsel to the Agent.

11. Counterparts. This Amendment and Consent may be executed in any number of counterparts by the parties hereto (including by facsimile transmission), each of which counterparts when so executed shall be an original, but all the counterparts shall together constitute one and the same instrument.

12. GOVERNING LAW. THIS AMENDMENT AND CONSENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment and Consent to be executed and delivered by their respective duly authorized officers as of the date first above written.

AUDIOVOX CORPORATION

By: s/ Charles M. Stoehr

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Name: Charles M. Stoehr

Title: Senior Vice President/Chief Financial Officer

JPMORGAN CHASE BANK,  
as Agent and as a Lender

By: s/ John Budzynski

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Name: John Budzynski

Title: Vice President

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FLEET NATIONAL BANK, as a Lender

By: s/ Steven J. Melicharek

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Name: Steven J. Melicharek  
Title: Senior Vice President

THE CIT GROUP/BUSINESS CREDIT, INC.,  
as a Lender

By: s/ Renee M. Singer

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Name: Renee M. Singer  
Title: Vice President

CITIBANK, N.A., as a Lender

By: s/ Stephen Kelly

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Name: Stephen Kelly  
Title: Vice President

MELLON BANK, N.A., as a Lender

By: s/ Donald G. Cassidy, Jr.

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Name: Donald G. Cassidy, Jr.  
Title: Senior Vice President

DEUTSCHE FINANCIAL SERVICES  
CORPORATION,  
as a Lender

By: s/ David J Lynch

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Name: David J. Lynch  
Title: Vice President - Operations

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ACKNOWLEDGMENT AND CONSENT

Each of the undersigned corporations (i) as a guarantor under that certain Amended and Restated Subsidiaries Guarantee, dated as of March 15, 1994 (as amended, supplemented or otherwise modified from time to time, the "Guarantee"), made by each of such corporations in favor of the Collateral Agent, (ii) as a grantor under that certain Amended and Restated Security Agreement, dated as of March 15, 1994 (as amended, supplemented or otherwise modified from time to time, the "Security Agreement"), made by each of such corporations in favor of the Collateral Agent, and (iii) in the case of Audiovox Holding Corp., as the pledgor under that certain Pledge Agreement, dated as of February 9, 1996 (as amended, supplemented or otherwise modified from time to time, the "Pledge Agreement"), made by Audiovox Holding Corp. in favor of JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank), as pledge agent for the secured parties thereunder, hereby consents to the execution and delivery of the Sixth Amendment and Consent to which this Acknowledgment and Consent is attached and hereby confirms and agrees that the Guarantee, the Security Agreement and the Pledge Agreement are, and shall continue to be, in full force and effect and are hereby ratified and confirmed in all respects and the Guarantee, the Security Agreement, the Pledge Agreement and all of the Subsidiaries Collateral (as defined in the Security Agreement) and Collateral (as defined in the Pledge Agreement) do, and shall continue to, secure the payment of all of the Obligations (as defined in the Guarantee and the Security Agreement, as the case may be) pursuant to the terms of the Guarantee or the Security Agreement, as the case may be, or, in the case of the Pledge Agreement, secure the payment of the Secured Obligations (as defined in the Pledge Agreement) pursuant to the terms of the Pledge Agreement. Capitalized terms not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement referred to in the Sixth Amendment and Consent to which this Acknowledgment and Consent is attached.

QUINTEX MOBILE COMMUNICATIONS  
CORP.

By: s/ Charles M. Stoehr

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Name: Charles M. Stoehr  
Title: Vice President

AMERICAN RADIO CORP.

By: s/ Charles M. Stoehr

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Name: Charles M. Stoehr  
Title: Vice President

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AUDIOVOX INTERNATIONAL CORP.

By: s/ Charles M. Stoehr

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Name: Charles M. Stoehr  
Title: Vice President

AUDIOVOX CANADA LIMITED

By: s/ Charles M. Stoehr

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Name: Charles M. Stoehr  
Title: Vice President

AUDIOVOX HOLDING CORP.

By: s/ Chris Lazarides

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Name: Chris Lazarides  
Title: President

AUDIOVOX ASIA INC.

By: s/ Charles M. Stoehr

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Name: Charles M. Stoehr  
Title: President

AUDIOVOX LATIN AMERICA LTD.

By: s/ Charles M. Stoehr

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Name: Charles M. Stoehr  
Title: President

AUDIOVOX COMMUNICATIONS CORP.

By: s/ Charles M. Stoehr

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Name: Charles M. Stoehr  
Title: Secretary

Dated as of May 28, 2002

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