BANCORPSOUTH INC
Form 10-Q
May 08, 2007

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q

(Mark One)

þ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended March 31, 2007

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from __________ to __________

Commission File Number: 1-12991

BANCORPSOUTH, INC.

(Exact name of registrant as specified in its charter)

Mississippi	**64-0659571**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Mississippi Plaza, 201 South Spring Street Tupelo, Mississippi	**38804**
(Address of principal executive offices)	(Zip Code)

Registrant s telephone number, including area code: (662) 680-2000

NOT APPLICABLE

(Former name, former address, and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes þ No o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check One):

Large Accelerated Filer þ Accelerated Filer o Non-Accelerated Filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No þ

As of May 1, 2007, the registrant had outstanding 82,199,061 shares of common stock, par value $2.50 per share.

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FORWARD-LOOKING STATEMENTS

Certain statements contained in this Report may not be based on historical facts and are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements may be identified by reference to a future period(s) or by the use of forward-looking terminology, such as anticipate, believe, estimate, expect, foresee, m might, will, intend, could, would or plan, or future or conditional verb tenses, and variations or negatives of s terms. These forward-looking statements include, without limitation, those relating to the Company s net interest margin, payment of dividends, prepayment of Junior Subordinated Debt Securities, valuation of mortgage servicing rights, operating results, key indicators of the Company s financial performance (such as return on average assets and return on average shareholders equity), capital resources, the Company s products and services, liquidity needs and strategies, future acquisitions to further the Company s business strategies, the effect of certain legal claims, the impact of federal and state regulatory requirements for capital, additional share repurchases under the Company s stock repurchase program, diversification of the Company s revenue stream, the impact of recent accounting pronouncements and the Company s future growth and profitability. We caution you not to place undue reliance on the forward-looking statements contained in this report, in that actual results could differ materially from those indicated in such forward-looking statements as a result of a variety of factors. These factors include, but are not limited to, the ability of the Company to increase noninterest revenue and expand noninterest revenue business, the ability of the Company to fund growth with lower cost liabilities, the ability of the Company to maintain credit quality, the ability of the Company to provide and market competitive services and products, the ability of the Company to diversify revenue, the ability of the Company to attract, train and retain qualified personnel, the ability of the Company to operate and integrate new technology, changes in consumer preferences, changes in the Company s operating or expansion strategy, changes in economic conditions and government fiscal and monetary policies, legislation and court decisions related to the amount of damages recoverable in legal proceedings, fluctuations in prevailing interest rates and the effectiveness of the Company s interest rate hedging strategies, the ability of the Company to balance interest rate, credit, liquidity and capital risks, the ability of the Company to collect amounts due under loan agreements and attract deposits, laws and regulations affecting financial institutions in general, the ability of the Company to identify and effectively integrate potential acquisitions, the ability of the Company to manage its growth and effectively serve an expanding customer and market base, geographic concentrations of the Company s assets and susceptibility to economic downturns in that area, availability of and costs associated with maintaining and/or obtaining adequate and timely sources of liquidity, the ability of the Company to compete with other financial services companies, the ability of the Company to repurchase its common stock on favorable terms, possible adverse rulings, judgments, settlements and other outcomes of pending or threatened litigation, other factors generally understood to affect the financial condition or results of financial services companies and other factors detailed from time to time in the Company s press releases and filings with the Securities and Exchange Commission. We undertake no obligation to update these forward-looking statements to reflect events or circumstances that occur after the date of this report.

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PART I.
FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

BANCORPSOUTH, INC. AND SUBSIDIARIES
Consolidated Balance Sheets

	March 31, 2007 (Unaudited)	December 31, 2006 (1)
	(In thousands)	
ASSETS		
Cash and due from banks	$ 292,401	$ 444,033
Interest bearing deposits with other banks	11,390	7,418
Held-to-maturity securities, at amortized cost	1,693,329	1,723,420
Available-for-sale securities, at fair value	1,102,248	1,041,999
Federal funds sold and securities purchased under agreement to resell	225,055	145,957
Loans and leases	8,785,170	7,917,523
Less: Unearned income	46,064	46,052
Allowance for credit losses	104,687	98,834
Net loans	8,634,419	7,772,637
Loans held for sale	63,291	89,323
Premises and equipment, net	306,659	287,215
Accrued interest receivable	94,854	89,090
Goodwill	250,337	143,718
Other assets	286,675	295,711
TOTAL ASSETS	$ 12,960,658	$ 12,040,521
LIABILITIES		
Deposits:		
Demand: Noninterest bearing	$ 1,787,365	$ 1,817,223
Interest bearing	3,312,765	2,856,295
Savings	743,767	715,587
Other time	4,815,596	4,321,473
Total deposits	10,659,493	9,710,578
Federal funds purchased and securities sold under agreement to repurchase	702,837	672,438
Short-term Federal Home Loan Bank borrowings		200,000
Accrued interest payable	42,231	36,270
Junior subordinated debt securities	163,405	144,847
Long-term Federal Home Loan Bank borrowings	152,186	135,707
Other liabilities	114,503	114,096
TOTAL LIABILITIES	11,834,655	11,013,936

SHAREHOLDERS EQUITY		
Common stock, $2.50 par value		
Authorized - 500,000,000 shares, Issued - 79,131,256 and 79,237,345		
shares, respectively	205,447	197,774
Capital surplus	186,089	113,721
Accumulated other comprehensive loss	(23,120)	(24,742)
Retained earnings	757,587	739,832
TOTAL SHAREHOLDERS EQUITY	1,126,003	1,026,585
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	$ 12,960,658	$ 12,040,521

(1) Derived from audited financial statements.

See accompanying notes to consolidated financial statements.

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BANCORPSOUTH, INC. AND SUBSIDIARIES
Consolidated Statements of Income
(Unaudited)

	Three months ended March 31, 2007	Three months ended March 31, 2006
	(In thousands, except for per share amounts)	
INTEREST REVENUE:		
Loans and leases	$ 153,241	$ 127,200
Deposits with other banks	286	141
Federal funds sold and securities purchased under agreement to resell	2,511	2,846
Held-to-maturity securities:		
Taxable	16,705	14,323
Tax-exempt	2,015	1,887
Available-for-sale securities:		
Taxable	9,592	10,904
Tax-exempt	1,115	1,363
Loans held for sale	1,675	1,238
Total interest revenue	187,140	159,902
INTEREST EXPENSE:		
Deposits:		
Interest bearing demand	19,887	13,790
Savings	2,383	1,693
Other time	51,985	37,650
Federal funds purchased and securities sold under agreement to repurchase	7,824	5,902
Other	6,393	4,938
Total interest expense	88,472	63,973
Net interest revenue	98,668	95,929
Provision for credit losses	1,355	(3,860)
Net interest revenue, after provision for credit losses	97,313	99,789
NONINTEREST REVENUE:		
Mortgage lending	1,779	3,176
Credit card, debit card and merchant fees	5,720	4,973
Service charges	16,550	15,450
Trust income	2,214	2,016
Security gains, net	7	10
Insurance commissions	19,794	16,322
Other	12,295	10,823

Total noninterest revenue		58,359		52,770
NONINTEREST EXPENSE:				
Salaries and employee benefits		63,628		57,573
Occupancy, net of rental income		8,463		7,442
Equipment		6,026		5,763
Other		27,493		25,230
Total noninterest expense		105,610		96,008
Income before income taxes		50,062		56,551
Income tax expense		16,485		18,806
Net income	$	33,577	$	37,745
Earnings per share: Basic	$	0.42	$	0.48
Diluted	$	0.42	$	0.47
Dividends declared per common share	$	0.20	$	0.19

See accompanying notes to consolidated financial statements.

BANCORPSOUTH, INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
(Unaudited)

	Three months ended March 31, 2007	2006
	(In thousands)	
Operating Activities:		
Net income	$ 33,577	$ 37,745
Adjustment to reconcile net income to net cash provided by operating activities:		
Provision for credit losses	1,355	(3,860)
Depreciation and amortization	6,796	6,165
Deferred taxes	2,123	8,986
Amortization of intangibles	1,065	1,206
Amortization of debt securities premium and discount, net	2,220	3,356
Security gains, net	(7)	(10)
Net deferred loan origination expense	(2,043)	(1,728)
Incremental tax benefit from exercise of stock options	(61)	
Increase in interest receivable	(1,670)	(6,886)
Increase in interest payable	3,570	4,057
Realized gain on student loans sold	(2,133)	(2,406)
Proceeds from student loans sold	79,726	89,842
Origination of student loans held for sale	(36,567)	(45,912)
Realized gain on mortgages sold	(2,203)	(1,546)
Proceeds from mortgages sold	170,234	110,071
Origination of mortgages held for sale	(173,603)	(114,299)
Increase in bank-owned life insurance	(1,652)	(5,958)
Other, net	7,156	(8,877)
Net cash provided by operating activities	87,883	69,946
Investing activities:		
Proceeds from calls and maturities of held-to-maturity securities	63,029	86,126
Proceeds from calls and maturties of available-for-sale securities	108,436	108,169
Proceeds from sales of available-for-sale and trading securities		
Purchases of held-to-maturity securities	(33,271)	(451,766)
Purchases of available-for-sale securities	(151,399)	(94,897)
Net decrease (increase) in short-term investments	(76,289)	185,233
Net increase in loans and leases	(92,860)	(29,627)
Purchases of premises and equipment	(6,434)	(15,627)
Proceeds from sale of premises and equipment	576	2,409
Net cash paid for acquisitions	(59,213)	(475)
Other, net	1,148	3,220
Net cash used in investing activities	(246,277)	(207,235)
Financing activities:		

Net increase in deposits	348,778	185,945
Net decrease in short-term debt and other liabilities	(313,925)	(106,753)
Repayment of long-term debt	(2,521)	(371)
Issuance of common stock	575	1,276
Purchase of common stock	(5,850)	(2,968)
Incremental tax benefit from exercise of stock options	61	
Payment of cash dividends	(16,384)	(14,956)
Net cash provided by financing activities	10,734	62,173
Decrease in cash and cash equivalents	(147,660)	(75,116)
Cash and cash equivalents at beginning of period	451,451	468,468
Cash and cash equivalents at end of period	$ 303,791	$ 393,352

See accompanying notes to consolidated financial statements.

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BANCORPSOUTH, INC. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
(Unaudited)

NOTE 1 BASIS OF FINANCIAL STATEMENT PRESENTATION AND PRINCIPLES OF CONSOLIDATION

The accompanying unaudited interim consolidated financial statements of BancorpSouth, Inc. (the Company) have been prepared in conformity with accounting principles generally accepted in the United States of America and follow general practices within the industries in which the Company operates. For further information, refer to the audited consolidated financial statements and footnotes included in the Company s Annual Report on Form 10-K for the year ended December 31, 2006. In the opinion of management, all adjustments necessary for a fair presentation of the consolidated financial statements have been included and all such adjustments were of a normal recurring nature. The results of operations for the three-month period ended March 31, 2007 are not necessarily indicative of the results to be expected for the full year. Certain 2006 amounts have been reclassified to conform with the 2007 presentation. Also, beginning March 1, 2007, the financial statements include the accounts of The Signature Bank. See Note 12, Business Combinations, for further information regarding Signature Bank.

The consolidated financial statements include the accounts of the Company, its wholly-owned subsidiaries, Signature Bank, BancorpSouth Bank and Risk Advantage, Inc., and BancorpSouth Bank s wholly-owned subsidiaries, Century Credit Life Insurance Company, Personal Finance Corporation, BancorpSouth Insurance Services, Inc., BancorpSouth Investment Services, Inc. and BancorpSouth Municipal Development Corporation.

NOTE 2 LOANS AND LEASES

The composition of the loan and lease portfolio by collateral type as of the dates indicated was as follows:

	March 31, 2007	March 31, 2006	December 31, 2006
		(In thousands)	
Commercial and agricultural	$ 1,185,919	$ 922,152	$ 968,915
Consumer and installment	618,569	377,204	388,212
Real estate mortgage:			
One to four family	2,355,265	2,557,335	2,690,893
Other	4,292,268	3,244,839	3,514,598
Lease financing	297,219	298,336	312,313
Other	35,930	33,290	42,592
Total	$ 8,785,170	$ 7,433,156	$ 7,917,523

The following table presents information concerning non-performing loans as of the dates indicated:

	March 31, 2007	March 31, 2006	December 31, 2006
		(In thousands)	
Non-accrual loans	$ 10,128	$ 10,157	$ 6,603
Loans 90 days or more past due	12,749	13,661	15,282
Restructured loans	1,312	2,197	1,571
Total non-performing loans	$ 24,189	$ 26,015	$ 23,456

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NOTE 3 ALLOWANCE FOR CREDIT LOSSES

The following table summarizes the changes in the allowance for credit losses for the periods indicated:

	Three months ended March 31, 2007	Three months ended March 31, 2006	Year ended December 31, 2006
		(In thousands)	
Balance at beginning of period	$ 98,834	$ 101,500	$ 101,500
Provision charged to expense	1,355	(3,860)	8,577
Recoveries	963	915	4,860
Loans and leases charged off	(2,610)	(2,538)	(16,103)
Acquisitions	6,145		
Balance at end of period	$ 104,687	$ 96,017	$ 98,834

NOTE 4 SECURITIES

The following table summarizes information pertaining to temporarily impaired held-to-maturity and available-for-sale securities with continuous unrealized loss positions at March 31, 2007:

	Continuous Unrealized Loss Position					
	Less Than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
			(In thousands)			
Held-to-maturity securities:						
U.S. Treasury	$	$	$ 10,013	$ 17	$ 10,013	$ 17
U.S. Government agencies	24,470	519	897,335	14,640	921,805	15,159
Obligations of states and political subdivisions	5,882	153	66,973	1,084	72,855	1,237
Total	$ 30,352	$ 672	$ 974,321	$ 15,741	$ 1,004,673	$ 16,413
Available-for-sale securities:						
U.S. Government agencies	$ 31,186	$ 74	$ 673,495	$ 15,066	$ 704,681	$ 15,140
Obligations of states and political subdivisions	435	1	5,902	84	6,337	85
Other						
Total	$ 31,621	$ 75	$ 679,397	$ 15,150	$ 711,018	$ 15,225

Based upon review of the credit quality of these securities, the ability and intent to hold these securities for a period of time sufficient for recovery of costs and the volatility of their market price, the impairments related to these securities were determined to be temporary.

NOTE 5 PER SHARE DATA

The computation of basic earnings per share (EPS) is based on the weighted average number of common shares outstanding. The computation of diluted earnings per share is based on the weighted average number of common shares outstanding plus the shares resulting from the assumed exercise of all outstanding share-based awards using the treasury stock method.

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The following tables provide a reconciliation of the numerators and denominators of the basic and diluted earnings per share computations for the periods shown:

	Three months ended March 31,					
	2007			2006		
	Income (Numerator)	Shares (Denominator)	Per Share Amount	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(In thousands, except per share amounts)					
Basic EPS						
Income available to common shareholders	$ 33,577	79,456	$ 0.42	$ 37,745	79,212	$ 0.48
Effect of dilutive share-based awards		436			330	
Diluted EPS						
Income available to common shareholders plus assumed exercise of all outstanding share-based awards	$ 33,577	79,892	$ 0.42	$ 37,745	79,542	$ 0.47

NOTE 6 COMPREHENSIVE INCOME

The following tables present the components of other comprehensive income and the related tax effects allocated to each component for the periods indicated:

	Three months ended March 31,					
	2007			2006		
	Before tax amount	Tax (expense) benefit	Net of tax amount	Before tax	Tax (expense)	Net of tax

John Adamovich, Jr.

$
70,000

$
—

$
—

$

—

$
—

$
284

$
70,284

Ari M. Shalam

$
54,000

$
—

$
—

$
—

$
—

$
137

$
54,137

MANAGEMENT RECOMMENDS VOTING "FOR" ALL OF THE NOMINEES FOR DIRECTOR.

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PROPOSAL 2

RATIFICATION OF SELECTION OF THE INDEPENDENT
REGISTERED PUBLIC ACCOUNTING FIRM

On the recommendation of the Audit Committee, the Board has selected Grant Thornton LLP as the Company's independent registered public accounting firm to examine the financial statements of the Company for the fiscal year ending February 28, 2019 and has further directed that management submit the selection of Grant Thornton LLP for ratification by our shareholders. Grant Thornton LLP has audited the Company's financial statements since Fiscal 2003. Representatives of Grant Thornton LLP are expected to be present at the annual meeting of shareholders, will have an opportunity to make a statement if they so desire, and will be available to respond to appropriate questions from shareholders.

The Company has been informed by Grant Thornton LLP that, to the best of its knowledge, neither the firm, nor any of its members or its associates, has any direct financial interest or material indirect financial interest in the Company or its affiliates.

Stockholder ratification of the selection of Grant Thornton LLP as the Company's independent registered public accounting firm is not required by the Company's Bylaws or otherwise. However, the Board is submitting the selection of Grant Thornton LLP to the shareholders for ratification as a matter of good corporate practice. If the shareholders fail to ratify the selection, the Audit Committee and the Board will reconsider whether or not to retain that firm. Even if the selection is ratified, the Audit Committee and the Board in their discretion may direct the appointment of a different independent registered public accounting firm at any time during the year if they determine that such a change would be in the best interests of the Company and its shareholders.

Principal Accounting Fees and Services

For the fiscal years ended February 28, 2018 and February 28, 2017, the Company was billed the following fees by Grant Thornton LLP (and its affiliates) for services rendered during the year or for the audit in respect of that year:

Fee Type	2/28/2018	2/28/2017
	(In thousands)	
Audit Fees (1)	$2,167	$ 2,235
Audit-Related Fees (2)	—	17
Tax Fees (3)	121	56
Total	$2,288	$ 2,308

(1) Audit Fees comprise fees for professional services necessary to perform an audit or review in accordance with the standards of the Public Company Accounting Oversight Board, including services rendered for the audit of the Company's annual financial statements (including services incurred with rendering an opinion under Section 404 of the Sarbanes-Oxley Act of 2002) and review of quarterly financial statements. It also includes fees for statutory audits of our international subsidiaries for the respective fiscal years.

(2) Audit-Related Fees comprise fees for services that reasonably relate to the performance of the audit or review of the Company's financial statements including the support of business acquisitions.

(3) Tax Fees comprise fees for tax compliance, tax planning and tax consulting.

The Audit Committee of the Board of Directors has considered whether the provision of non-audit services by Grant Thornton LLP is compatible with maintaining auditor independence. In 2003, the Audit Committee adopted a policy concerning approval of audit and non-audit services to be provided by Grant Thornton LLP. The policy requires that all services Grant Thornton LLP may provide to the Company, including audit services and permitted audit-related and non-audit services, be pre-approved by the Audit Committee. The Chairman of the Audit Committee may approve certain permitted non-audit services in between Committee meetings, which services are subsequently reported to and approved by the Audit Committee. In addition, for particular permitted services, the Chief Financial Officer may approve the engagement of Grant Thornton LLP provided such engagement will amount to fees of less than $50,000 and such engagement is reported to the Chairman of the Committee and reported to and ratified by the Committee at its next meeting.

All of the services for Audit and Audit-Related Fees, Tax Fees and All Other Fees referenced above were approved by the Audit Committee pursuant to Rule 2-01i(c)(7)(i)(C) of Regulation S-X under the Securities Act of 1933, as amended.

The Audit Committee considered the impact of the non-audit services provided to us by Grant Thornton LLP in Fiscal 2018 on the independence of Grant Thornton LLP from us in evaluating whether to appoint Grant Thornton LLP to perform the audit of our financial statements and internal controls for the fiscal year ending February 28, 2019.

THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE "FOR" THE RATIFICATION OF THE APPOINTMENT OF GRANT THORNTON LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE FISCAL YEAR 2019.

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

The following report of the Audit Committee shall not be deemed to be soliciting material or to be filed with the Securities Exchange Commission under the Securities Act of 1933 or the Securities Exchange Act of 1934 or incorporated by reference in any document so filed.

The Audit Committee is responsible for the oversight of all aspects of the Company's accounting and financial reporting processes, internal controls and audit functions. Management has primary responsibility for the integrity of the Company's financial information and the financial reporting process, including the system of internal controls. The Audit Committee has reviewed and discussed the Company's financial statements with management.

Grant Thornton LLP, the Company's independent registered public accounting firm, is responsible for conducting independent audits, in accordance with generally accepted auditing standards, of the Company's financial statements and management's assessment and effectiveness of internal controls. Grant Thornton LLP also has the responsibility of expressing an opinion on the financial statements of the Company.

In connection with the preparation and filing of the Company's annual report on Form 10-K for the fiscal year ended February 28, 2018 (the "2018 Annual Report on Form 10-K"):

- the Audit Committee discussed with Grant Thornton, LLP, with and without management present, the integrity of the Company’s accounting policies, internal controls, financial statements and the quality of the Company’s financial reporting practices;

- the Audit Committee reviewed and discussed the audited financials included in the 2018 Annual Report on Form 10-K with the Company's management and Grant Thornton LLP;

- the Audit Committee discussed with Grant Thornton, LLP the matters required to be discussed by Statement of Accounting Standards (SAS) 61 (as updated by SAS 114 The Auditor's Communication with Those Charged with Governance); and

- the Audit Committee received and reviewed the written disclosures and the letter from Grant Thornton LLP required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and has discussed with Grant Thornton LLP the independence of Grant Thornton LLP and satisfied itself as to Grant Thornton LLP's independence.

Based on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors of the Company that the February 28, 2018 audited financial statements and assessment of the effectiveness of internal control over financial reporting be included in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission.

AUDIT COMMITTEE

John Adamovich, Jr. Chairman
Peter A. Lesser
Denise Waund Gibson

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CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Affiliate Transaction Committee of the Board reviews all related party transactions involving aggregate consideration of more than $1 million between the Company and any of the Company's controlling shareholders or members of our Board of Directors or officers or affiliates. All facts and circumstances surrounding each related party transaction may be considered. If the Affiliate Transaction Committee determines that any such related party transaction creates a conflict of interest situation or would require disclosure under Item 404 of Regulation S-K, as promulgated by the SEC, the transaction must be approved by the committee prior to the Company entering into such transaction or ratified thereafter. Transactions or relationships previously approved by the committee or in existence prior to the formation of the committee do not require approval or ratification.

Ian Geise, the son of C. David Geise, was appointed President of VOXX Accessories Corporation in February 2016. He previously served as Vice President of Marketing for VOXX Accessories Corporation from September 2007 through February 2016. Ian Geise's annual aggregate compensation was $413,751 for the fiscal year ended February 28, 2018.

Michael Lavelle, the son of Patrick Lavelle, serves as Assistant Vice President of Expeditor Sales since March of 2017. He previously was an Expeditor Group Manager for Voxx, and has been with the Company since 2003. Michael Lavelle's annual aggregate compensation was $179,443 for the fiscal year ended February 28, 2018.

Thomas P. Jacobs II, the son of Paul Jacobs, has served as Regional Vice President of Klipsch Group, Inc. since March 2011. Thomas P. Jacobs II's aggregate annual compensation was $336,840 for the fiscal year ended February 28, 2018.

Jeremy Stoehr, the son of Charles M. Stoehr, serves as Vice President of Web Services for Voxx and has been with the Company since 2003. Jeremy Stoehr's aggregate annual compensation was $151,003 for the fiscal year ended February 28, 2018.

Glenn Gurriell, the brother-in-law of Thomas Malone, serves as Western Region Expeditor Sales Manager for Voxx and has been with the Company since 2004. Glenn Gurriell's aggregate annual compensation was $138,619 for the fiscal year ended February 28, 2018.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth information regarding ownership of the Company's Common Stock by all directors, nominees for election as directors, executive officers named in the Summary Compensation Table and all directors and executive officers as a group. Unless otherwise indicated, the principal address of each of the shareholders below is c/o VOXX International Corporation, 2351 J Lawson Blvd., Orlando, Florida 32824. Except as otherwise provided, the table below relates to shares of the Company's Class A and Class B Common stock. The content of the table is based upon information supplied by the Company's named executive officers, directors and nominees for election as directors, and represents the Company's understanding of circumstances in existence as of May 25, 2018.

Name and Address (1)	Class A Common Stock		Class B Common Stock	
	# of Shares	% of Class	# of Shares	% of Class
John J. Shalam	1,926,552 (2)	8.78 %	2,144,152 (2)	94.83 %
Patrick M. Lavelle	27,650	*	—	— %
Denise Waund Gibson	32,100	*	—	— %
T. Paul Jacobs	23,500	*	—	— %
Ari Shalam	19,067 (3)	*	38,934	1.72 %
Loriann Shelton	14,674	*	—	— %
Charles M. Stoehr	13,673	*	—	— %
John Adamovich, Jr.	11,000	*	—	— %
Peter A. Lesser	5,000	*	—	— %
Thomas C. Malone	3,550	*	—	— %
All directors and officers as a group (15 persons)	2,085,503	9.50 %	2,183,086	96.55 %

* Less than one (1%) percent.

(1) Except as otherwise indicated by footnote, each named person claims sole voting and investment power with respect to the shares indicated.

(2) Excludes 2,202 shares of Class A common stock and 116,802 shares of Class B common stock (which are entitled to 10 votes per share), held by Mr. Shalam's three sons, including Mr. Ari Shalam.

(3) The number of shares stated as "beneficially owned" excludes 10 shares of Class A common stock held for the benefit of his son.

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Security Ownership of More than Five Percent

The following table contains information with respect to ownership of the Company's common stock by persons or entities that are beneficial owners of more than five percent of the Company's Class A common stock. The information contained in this table is based solely on statements in filings with the Securities and Exchange Commission (the "SEC") or other reliable information.

Name and Address of Other 5% Holders of Class A Common Stock	Number of Shares Beneficially Owned	Percent of Outstanding Shares	
Kahn Brothers LLC (1) 555 Madison Avenue, 22nd Floor New York, NY 10022	3,678,225	16.76	%
Dimensional Fund Advisors LP (2) Palisades West, Building One 6300 Bee Cave Road Austin, TX 78746	1,763,262	8.42	%
Royce & Associates, LLC (3) 745 Fifth Avenue New York, NY 10151	1,645,013	7.50	%
BlackRock Inc. (4) 40 East 52nd Street New York, NY 10055	1,327,745	6.10	%

(1) Information reported is derived from a Schedule 13G/A of Kahn Brothers LLC dated and filed with the Securities and Exchange Commission on January 25, 2018.

(2) Information reported is derived from a Schedule 13G/A of Dimensional Fund Advisors LP dated and filed with the Securities and Exchange Commission on February 9, 2018.

(3) Information reported is derived from a Schedule 13G/A dated January 23, 2018 of Royce & Associates LP and filed with the Securities and Exchange Commission on January 24, 2018.

(4) Information reported is derived from a Schedule 13G dated January 31, 2018 of BlackRock Inc. and filed with the Securities and Exchange Commission on February 1, 2018.

Executive Officers of the Company

The following is a list of our executive officers as of February 28, 2018:

Name	Age	Date First Elected Officer	Present Title
Patrick M. Lavelle	66	1980	President and Chief Executive Officer
Charles M. Stoehr	72	1978	Senior Vice President and Chief Financial Officer
Loriann Shelton	61	1994	Senior Vice President and Chief Operating Officer
Ian Geise	46	2016	President, VOXX Accessories Corp.
T. Paul Jacobs	60	2011	President and Chief Executive Officer for Klipsch Group, Inc.
Thomas C. Malone	63	1986	President of VOXX Advanced Solutions Corp.
Edward Mas	57	2018	President and Chief Executive Officer for VOXX Automotive Corp.
C. David Geise	67	2007	CEO, VOXX Accessories Corp.
Oscar Bernardo	57	2015	Chief Operating Officer for KGI
Chris Lis Johnson	66	1986	Vice President of Employee Programs and Corporate Secretary
Richard A. Maddia	59	1991	Vice President, Management Information Systems

Mr. Patrick M. Lavelle was elected President and Chief Executive Officer of VOXX International Corporation in May 2005. From 1991 to 2005, Mr. Lavelle was Senior Vice President of Voxx. From 1980 to 1991, Mr. Lavelle held the position of Vice President of Voxx. In 1993, Mr. Lavelle was elected to the Board of Directors and serves as a Director of most of Voxx's operating subsidiaries.

Mr. Charles M. Stoehr has been the Chief Financial Officer of VOXX International Corporation since 1978. In 1990, he was elected Senior Vice President of Voxx. Mr. Stoehr was elected to the Board of Directors in 1987 and serves as a Director of most of Voxx's operating subsidiaries.

Ms. Loriann Shelton was appointed Chief Operating Officer in January 2016. She previously held the position of Chief Accounting Officer of VOXX International Corporation since 2012, and has been Senior Vice President of Accounting and Credit since 2006. During these periods, she has also been Chief Financial Officer of VOXX Electronics Corp. and VOXX Accessories Corp. (subsidiaries of Voxx). From 1994-2006, Ms. Shelton was Vice President of Finance and Controller for VOXX Electronics Corp.

Mr. Ian Geise, son of Mr. David Geise, has been with VOXX Accessories Corp. since 2008 and has served as President since 2016. Prior thereto he most recently served as Senior Vice President, Marketing and Product Management, and prior to that, as Vice President of Marketing at VOXX Accessories Corp. Before joining VOXX Accessories, Mr. Geise worked for Sirius Satellite Radio and Direct TV.

Mr. T. Paul Jacobs was elected President and CEO of Klipsch Group, Inc. ("KGI") in July 2011. Prior thereto he served as the President of both Klipsch Audio Technologies and Jamo International and as Executive Vice President, Chief Operating Officer and Vice President of Worldwide Sales for KGI. Mr. Jacobs also serves on the Audio Board of the Consumer Electronics Association.

Mr. Thomas C. Malone was appointed President of VOXX Advanced Solutions Corp. (a subsidiary of VOXX International Corporation) in February 2016. He previously held the position of Senior Vice President of Sales of VOXX International Corporation from 2006-2016. In 2007, Mr. Malone was appointed President of VOXX Electronics Corp. (a subsidiary of Voxx). From 1986-2006, Mr. Malone was Vice President of Sales for VOXX

Electronics Corp.

Mr. Edward D. Mas has been with VOXX Automotive Corp. since 2010, and has served as President and Chief Executive Officer since March 1, 2018. Prior thereto, he most recently served as Executive Vice President at VOXX Automotive Corp., and prior thereto he was employed for 11 years at Invision Automotive Systems. Before joining Invision, Mr. Mas worked for 16 years at Panasonic Automotive Systems as Head of Manufacturing.

Mr. David Geise was appointed CEO of VOXX Accessories Corp. in February 2016. He previously held the position of President of VOXX Accessories, Corp. (a subsidiary of VOXX International Corporation) and Senior Vice President of Voxx from 2007-2016. From 1998-2006, Mr. Geise held numerous executive positions with Thomson Consumer Electronics. From 2001-2006, Mr. Geise was Vice President and General Manager Thomson Accessories World-Wide. In 2006, Mr. Geise also held the position of Vice President of International Business Americas.

Mr. Oscar Bernardo has been with Klipsch Group, Inc. (“KGI”) since 2006, prior to the Company’s acquisition of KGI in 2011, and has served as Chief Operating Officer of KGI since 2015. Prior thereto, he most recently served as President of Global Operations for KGI since 2014, and prior to that, as Senior Vice President of Sales and Operations for KGE. Before joining KGI, Mr. Bernardo worked for Audio Products International, Fineline Circuits Limited and Campeau.
Ms. Chris Lis Johnson has held the position of Corporate Secretary of VOXX International Corporation since 1980. She has been Vice President of Voxx since 1986. From 2006 to the present, she has been Vice President of Employee Programs. From 1994-2006, she was Vice President of Systems Management.

Mr. Richard A. Maddia has held the position of Vice President of Management Information Systems of VOXX International Corporation since 1991. From 1996-2005, he was a member of the Board of Directors of Voxx. Prior to joining the Company in 1986, Mr. Maddia held positions at Upjohn Healthcare Services, Associated Merchandise Corporation and Executive Life Insurance Company.

Under the Company's By-Laws, the officers of the corporation hold office until their respective successors are chosen and qualified or until they have resigned, retired or been removed by the affirmative vote of a majority of the Board of Directors. There are no family relationships between any of the executive officers, with the exception of C. David Geise and Ian Geise noted above, and there is no arrangement or understanding between any executive officer and any other person pursuant to which the executive officer was elected.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

This Compensation Discussion and Analysis ("CD&A") describes our compensation philosophy, policies and practices with respect to our Principal Executive Officer ("PEO"), Principal Financial Officer ("PFO") and the other individuals named in the "Summary Compensation Table" below, who are collectively referred to as the Named Executive Officers ("NEOs") for the fiscal year ended February 28, 2018. It includes information regarding the Company's overall compensation objectives and each element of compensation that we provide. The Company's compensation policies and practices were evaluated to ensure that they do not encourage excessive risk taking. It should be noted that performance based compensation plans require participants to take on normal business risks to grow the business and maintain and/or increase its profitability. Management's internal review included consideration of all employees of the Company, based on classification, location and operating unit. We do not structure performance based programs to incent any employee, location or operating unit to exceed that normal level of business risk. Based on this assessment, the Company concluded that it has a balanced pay and performance program.

The principal elements of our executive compensation programs are base salary, annual performance based non-equity incentives and cash bonuses, short-term and long-term equity incentive awards in the form of stock options, a supplemental executive retirement plan, a deferred compensation program, supplemental executive term life insurance and disability plans, certain perquisites and other benefits such as a 401(k) and Profit Sharing Plan with employer matching contributions, a Cash Bonus Profit Sharing Plan and health and welfare plans that are generally available to all of our salaried employees. The Company's objective is that the total compensation paid to executive officers and other employees should be competitive with the compensation provided to other persons with similar levels of responsibility at companies of similar size, complexity, revenue and growth potential. The Company's executive compensation practices recognize the caliber, level of experience and performance of management and include meaningful incentives to maximize long term shareholder value while achieving the Company's short term financial objectives.

The Compensation Committee, which we refer to in this discussion as the "Committee," reviews and approves compensation for the Company's PEO, PFO, other NEOs and directors, subject to Board of Director approval. Periodically, the Committee reviews relevant competitive data provided by third party compensation professionals, the internal human resource department, and the observations and recommendations of the Company's executive management. In addition, the PEO submits recommended compensation levels for other executive officers of the Company to the Committee for its review and approval. The Committee has the discretion to modify any compensation recommendations by management.

The Role of Company Executives in the Compensation Process

Although the compensation process is managed and driven by, and decisions are made by the Committee, the recommendations of certain Company executive officers are taken into account in connection with setting the compensation of other executive officers. As described above, the PEO makes initial recommendations with respect to executive officers other than himself. Executive officers also participate in the preparation of materials requested by the Committee for use and consideration at the Compensation Committee meetings. The Company bases its compensation plan on the Company's performance. The Company conducted an internal study of the compensation plans for each of its PEO, PFO, NEOs and other senior vice presidents and vice presidents to determine whether its compensation plans created risks that would be reasonably likely to have material adverse effects on the Company. In a report submitted to the Compensation Committee, the Company concluded that the compensation plans and the Company's framework of internal controls ensure that the compensation policies and practices will not create risks that are reasonably likely to have a material adverse effect on the Company.

Compensation Philosophy and Policies

The Committee has designed the Company's compensation program to promote individual performance and to be competitive with market practices in order to attract, retain, and motivate talented individuals in the consumer electronics industry, taking into account relative size, performance and geographic location as well as individual responsibilities and performance. The Company's compensation program also seeks to hold our executives accountable and reward them appropriately for the success of the Company. Accordingly, the Committee strives to create an executive compensation program that is competitive, as well as reflective of Company-wide strategic objectives and individual performance.

The Committee recognizes that certain elements of compensation are better suited to achieving different compensation objectives. The Committee believes that: (i) base salaries, which are based on market practices of similar companies, are designed to attract and retain our executives; (ii) bonuses are designed to motivate our executives to achieve specific corporate and personal performance goals and to share in the Company profits; (iii) equity incentive awards are designed to align the interest of our executive officers and shareholders by (a) motivating and rewarding the executive officer when shareholder value increases, and (b) reward the executive officer for continued future service; (iv) deferred compensation plans are designed to provide our executives with supplemental retirement benefits by permitting the deferral of additional salary and bonuses with a limited employer matching contribution; (v) supplemental executive term life insurance and disability plans are designed to provide our executives and their families with supplemental benefits in accordance with market practices, and; (vi) other elements of compensation are primarily based on market practices.

The Committee's philosophy for other benefits, such as general retirement and health and welfare benefits, is to make these benefits available to employees on a non-discriminatory basis. The Company's compensation philosophy is designed to structure its compensation policy so that executive compensation is dependent on the achievement of corporate objectives and on the long-term increases in shareholder value.

The Company's executive compensation programs are designed to achieve the following objectives:

- Offer a total compensation package that is competitive with the compensation levels and practices of peer companies;
- Motivate and reward executives whose performance is important to the Company's continued growth, profitability and success;
- Align a portion of executive compensation to the Company's financial strategic objectives and the executive's individual contributions toward those objectives;
- Align the interest of the Company's executives with the long term interests of its shareholders;
- Motivate executives to work together to achieve corporate goals by linking the annual cash incentives to the achievement of those corporate goals; and
- Provide incentives that promote executive retention.

Principal Elements of our Executive Compensation Programs

This section describes the various elements of our compensation programs for our NEOs, with a discussion of the Committee's reasons for including a particular item in the compensation program. The Company's executive compensation program has six principal components that are discussed below.

Executive Base Salary

The Company provides our NEOs and other employees with a base salary to compensate them for services rendered during the fiscal year. Annual base salary ranges are determined for each executive, on a case-by-case basis, based on the position, the individual level of responsibility and performance, and the unique value and historical contributions made to the Company's success. The Committee reviews salaries each year as part of the Company's annual performance review process as well as upon a promotion or other change in job responsibility. The Committee reviews base salary recommendations from the PEO for our other executive officers other than the PEO. Based upon this review process, the Committee approves base salaries for our executive officers. The Committee believes that the base salaries for our executive officers are based on levels commensurate with competitive amounts paid to executives with comparable qualifications at companies engaged in similar businesses or in the same region and of similar size.

2018 Executive Incentive Bonus Plan

Executive bonuses are used to motivate individuals and to reward our executives for the achievement of the Company's financial objectives and their individual performance goals. Bonus formulas are approved by the Committee at the beginning of the fiscal year and are paid on an annual basis after the completion of the fiscal bonus year, with the exception of the put option earned by a KGI executive as described below, which is deferred in accordance with his employment contract. Under our bonus programs, the Chairman of the Board's and the Chief Financial Officer's bonuses are based upon the Company's pre-tax earnings, except for extraordinary items.

For Fiscal 2018, Mr. Shalam's bonus was 3%, or $1,114,580, of consolidated pre-tax earnings of the Company (including certain adjustments) and Mr. Stoehr's bonus was .75%, or $272,283, of consolidated pre-tax earnings (including certain adjustments). Mr. Lavelle's bonus required attainment of targeted pre-tax earnings of the Company, and amounted to two hundred and fifty thousand

dollars ($250,000) for each and every five million dollars ($5,000,000) for Fiscal 2018. As the Company earned pre-tax profits in excess of $35,000,000 (including certain adjustments), several pre-tax bonus targets were met. Accordingly, Mr. Lavelle received a bonus of $1,750,000 for Fiscal 2018.
For Fiscal 2018, Ms. Shelton's bonus includes a guarantee of $50,000 plus $37,500 upon the achievement of consolidated pre-tax earnings of $5,000,000 and $37,500 upon the achievement of each $5,000,000 of consolidated pre-tax earnings thereafter. For Fiscal 2018, Ms. Shelton earned a bonus of $312,500.
Mr. Jacobs' bonus is determined by the achievement of performance goals (as determined by the PEO and the Committee), plus an EBITDA target for the Klipsch subsidiary (as determined by the PEO and the Committee). Mr. Jacobs is also entitled to a put option, which is determined by multiplying the cumulative after tax net profit or loss of KGI (commencing March 1, 2011 ("Commencement Date")) by 1.6%, and bearing interest at the same per annum rate the Company receives from its lead bank. For Fiscal 2018, Mr. Jacobs earned a bonus of $40,500 and $17,401 for the put option.
For Fiscal 2018, Mr. Malone's bonus was determined by multiplying the gross profit for select product lines by one-half percent (.5%), with a guaranteed minimum annual aggregate salary and bonus. For Fiscal 2018, Mr. Malone earned a guaranteed bonus of $225,000.
As of August 31, 2017, Mr. Geis' employment was terminated in conjunction with the Company's sale of its Hirschmann operation. However, Mr. Geis' bonus was determined based on the achievement of target percentages of net sales, gross profit and net income before taxes (as determined by the PEO and the Committee) for both Hirschmann and VOXXHirschmann through the date of termination. For Fiscal 2018, Mr. Geis' total bonus was $1,732,345, which includes a bonus of $1,500,000 directly related to the sale of the Hirschmann operation.
Non-equity incentives or bonuses for other executive officers are based upon targets considering various pre-tax profit or EBITDA thresholds and/or individual performance goals. Targets achieved may result in payments of specific dollar amounts awarded or up to 20% of the executive's base salary. For those executives whose bonuses are based on 20% of his or her base salary, the Committee bases 50% of the executive officers' bonus on the achievement of corporate profitability targets during the fiscal year and 50% of the bonus is based on achievement of individual performance targets. The Committee believes that incentive cash bonuses should have an individual component that an executive directly contributes to and a corporate component that an executive indirectly contributes to. Individual performance objectives are determined by the executive officer to which the potential bonus recipient reports. At times, the Committee will approve additional discretionary cash bonus awards that the PEO recommends for certain executives based on individual performance levels that exceed expectations or for the successful completion of special strategic projects or events.

The Committee also reviews the unique circumstances involved in the recruitment of the Company's executive officers and will approve the payment of hiring bonuses if, in the judgment of the Committee, such payments are necessary to successfully recruit certain executives.

Executive Stock Based Compensation Awards

The Company's Stock Based Compensation Incentive Plan (the "Stock Based Incentive Plan") encourages participants to focus on long-term Company performance and provides an opportunity for our executives and designated key employees to increase their ownership in the Company through grants of the Company's common stock or grants of stock options. The Stock Based Incentive Plan provides for restricted stock grants and option grants to executive officers, employees and outside directors. The purpose of the Company's Stock Based Incentive Plan is to provide additional incentive to our executives, directors, and other employees whose substantial contributions are essential to the continued growth and success of the Company's business. Grants of stock or options are designed to strengthen their commitment to the Company, to motivate such persons to faithfully and diligently perform their responsibilities and to attract and retain competent and dedicated individuals whose efforts will result in the long-term growth and profitability of the Company. Additionally, the purpose of the Stock Based Incentive Plan is to secure, for the Company and its shareholders, the benefits of the incentive inherent in increased common stock ownership by our executives and the members of the Board who are not employees of the Company who drive, direct and execute the Company's strategic objectives.

The Committee administers the Company's Stock Based Incentive Plan for our executive officers, employees, and outside directors. Stock based compensation is primarily composed of stock option grants and restricted stock and is intended to focus our executives on creating long-term shareholder value. The Committee may periodically grant stock options and stock awards to executives who are responsible for designing and implementing the Company's long-range strategic plan. At its discretion, the Committee may also grant options and stock awards based on individual and corporate achievements. Under these plans, the Committee has the authority to grant options to purchase common stock, with an exercise price equal to or above the fair market value of the common stock on the date of grant. To date, the Committee has never elected to re-price outstanding options. For grants of stock awards, shares are issued to the executive on the vesting date of the awards at the closing price of the stock on the vesting date. The Committee believes that the ability to provide stock options and stock awards to the executive officers, who are responsible for the Company's management and growth, may give them an opportunity to own the Company's stock and better align their interests with the interests of our shareholders. The Stock Based Incentive Plan also can promote the retention of our executives due to the vesting provisions of the option and stock award grants and the potential upside for stock price appreciation.

For these reasons, the Committee considers stock options and awards as an element of compensation when it reviews our executive officer compensation programs.

The Committee has the authority to approve grants made to the PEO, PFO, directors and other executive officers and, in certain cases, recommends grants to the entire Board for its approval. The Committee determines the number of shares underlying each stock option grant or stock award based upon the executive level and years of service, the Company's performance and the executives' individual roles and responsibilities. As discussed above, the Company typically reviews salaries, bonuses, other benefits, stock option grants and stock awards on an annual basis. This process typically begins during the fourth quarter and is completed before the fiscal year end or shortly thereafter. In addition, in the event that an executive officer or a designated key employee is hired during the year, the Committee may make a discretionary grant at the commencement of employment.

No stock options were awarded by the Company in Fiscal 2018. During Fiscal 2018, 77,500 stock option awards, granted during Fiscal 2015, expired unexercised. The number of outstanding awards for the Chairman and each named executive officer is set forth in the Outstanding Equity Awards at 2018 Fiscal Year End table below.

Supplemental Executive Retirement Plan

The Company's Board of Directors adopted the 2014 Equity Plan, which was approved by the Company's stockholders, pursuant to which the Company may provide supplemental retirement income to the Chairman and select executive officers of the Company. Subject to certain performance criteria, service requirements and age restrictions, eligible employees will receive restricted stock awards. The restricted stock awards vest on the later of three years from the date of grant, or the grantee reaching the age of 65 years. Pursuant to the 2014 Equity Plan, 74,156 shares of restricted stock were granted to the participating executives during Fiscal 2018. The number of outstanding restricted stock awards for the Chairman and each named executive officer is set forth in the Outstanding Equity Awards at 2018 Fiscal Year End table below.

Executive Deferred Compensation Plan

The Company has a non-qualified Deferred Compensation Plan ("the Plan") for a select group of executives, including the NEOs. The Plan is intended to provide certain executives the ability to defer additional salary and bonuses, in addition to those amounts that are permitted to be deferred under the Company's 401(k) and Profit Sharing Plan. The Deferred Compensation Plan provides for an employer matching contribution equal to 25% of the employee deferrals up to $20,000 or a maximum employer matching contribution of $5,000 per year, which vests immediately. For Fiscal 2018, the Company continued its suspension of employer matching contributions to the Plan. Except for Mr. Lavelle's compensation arrangement, the Company is under no obligation to set aside any additional funds for the purpose of making payments under the Plan. In accordance with Mr. Lavelle's Fiscal 2018 compensation arrangement, the Company is required to contribute $250,000 annually into a separate deferred compensation account (the "Lavelle Account") on his behalf and for his benefit. The employer contributions into this account are invested by the Company in certain mutual funds. All earnings and losses are allocated directly to this account and all employer contributions and earnings thereon vest immediately. Contributions and earnings and the total account balance on this account as of the end of the 2018 fiscal year are shown in the Nonqualified Deferred Compensation table for Mr. Lavelle on page 29 of this proxy statement.

The Deferred Compensation Plan is not intended to be a qualified plan under the provisions of the Internal Revenue Code. All compensation deferred under the Plan is held by the Company in a "Rabbi" investment trust and invested by the participant among a number of mutual funds. Earnings and losses are allocated to the participant's individual account. Company contributions are vested immediately. The Committee has the option of amending or terminating the Plan at any time. Contributions and earnings on those contributions and total account balances as of the end of the 2018 fiscal year are shown for our NEOs in the Nonqualified Deferred Compensation table on page 29 of this proxy statement.

Perquisites and Other Benefits

Our executives are eligible to participate in all of our employee benefit plans, such as medical, dental, group life and disability insurance plans, our 401(k) and profit sharing plan, the Cash Bonus Profit Sharing Plan, in each case on the same basis as our other employees. In addition, certain executives, including our NEOs, receive additional benefits, including supplemental life insurance, supplemental short-term and long-term disability benefits, car allowances or mileage reimbursements, and reimbursement of business related expenses.

Tax and Accounting Implications of the Executive Compensation Program

It is the Committee's goal that the Company's executive compensation programs maximize the benefit of tax laws and accounting requirements, while meeting the Company's compensation policies and objectives. Section 162(m) of the Internal Revenue Code imposes a $1 million limit on the amount that a public company may deduct for compensation paid to the Company's PEO or other NEOs. This limitation does not apply to compensation that meets the requirements under Section 162(m) for "qualified performance based" compensation. The Committee believes it is desirable and in the Company's best interest to deduct compensation payable to our executive officers. Accordingly, the Committee considers the anticipated tax treatment to our Company and our executive officers in the review and establishment of compensation programs and payments. The Committee will continue to monitor the executive compensation programs to preserve the related Federal income tax deductions.

The Board and the Compensation Committee reserve the authority to award non-deductible compensation in other circumstances as they deem appropriate. Further, because of ambiguities and uncertainties as to the application and interpretation of Section 162(m) and the regulations issued thereunder, no assurance can be given, notwithstanding the Company's efforts, that compensation intended by the Company to satisfy the requirements for deductibility under Section 162(m) does in fact do so.

We adopted ASC 718 (formerly SFAS No. 123R) ("ASC 718") effective December 1, 2005. In determining equity compensation awards for Fiscal 2018, we generally considered the potential expense of our compensation awards under ASC 718 and the impact on earnings per share. We concluded that the award levels are in the best interests of our shareholders given competitive compensation practices among our peer companies, the awards' potential expense, our performance and the impact of the awards on executive motivation and retention.

Employment Agreements

Each NEO, with the exception of John J. Shalam, the Chairman of the Board, has an employment agreement with either the Company, or certain of its wholly owned subsidiaries, which provide for severance pay and other benefits upon a termination of employment. Each NEO's employment agreement requires the payment of compensation to the executives if their employment terminates under certain circumstances.

Patrick M. Lavelle

On June 11, 2007, the Company's Board of Directors authorized and approved a three-year employment contract effective March 1, 2007 with Mr. Patrick M. Lavelle (the "Employment Agreement"). A copy of the Employment Agreement was filed as Exhibit 10 to the Company's Report on Form 8-K filed on June 15, 2007 with the Securities and Exchange Commission.

The Employment Agreement will be automatically renewed for successive one year periods unless either party notifies the other of his or its intention not to renew the Employment Agreement not less than one hundred eighty (180) days prior to the expiration of the initial or any renewal term, as the case may be. On March 1, 2017, the contract automatically renewed for another one year.

During the term of the Employment Agreement, the Company will pay Mr. Lavelle an annual base salary of Seven Hundred Fifty Thousand Dollars ($750,000) per annum. Pursuant to the Employment Agreement, Mr. Lavelle, effective as of the first fiscal year the Company achieves any year-end pre-tax profit, and for each fiscal year thereafter during the employment period, shall have credited to the Lavelle Account Two Hundred Fifty Thousand Dollars ($250,000) for Mr. Lavelle's benefit, which sum shall be in addition to any other amounts that the Company may be required to pay for Mr. Lavelle's benefit under any deferred compensation plan established for the benefit of Mr. Lavelle and/or any other key executives of the Company.

In addition, the Company will pay Mr. Lavelle an annual bonus of Two Hundred Fifty Thousand Dollars ($250,000) for each and every Five Million Dollars ($5,000,000) of pre-tax profit earned by the Company during the fiscal year (including certain adjustments). In addition, the Employment Agreement provides for an annual discretionary merit based bonus, at the sole discretion of the Board, based on the Company's performance.

If Mr. Lavelle's employment is terminated by the Company without cause or by Mr. Lavelle for good reason, which is defined to include, among other things, a Change of Control (as defined in the Employment Agreement), the Employment Agreement with Mr. Lavelle provides for post-employment benefits including payment of base salary through termination, any bonuses awarded and not yet paid, a cash payment equal to the average of the Annual Incentive Bonuses (as defined in the Employment Agreement) awarded in the two years immediately preceding termination, vested benefits, and two years' base salary, all as set forth in the Employment Agreement.

Mr. Lavelle is subject to non-compete restrictions during his employment and for 24 months following termination, and non-solicitation during his employment and for 12 months following termination.

The above is a summary of the terms of the Employment Agreement and is qualified in its entirety by reference to the Employment Agreement.

Charles M. Stoehr

In January 2017, the Company entered into an employment agreement with Mr. Stoehr (the “CFO Employment Agreement”). A copy of the CFO Employment Agreement was filed as Exhibit 10.1 to the Company's report on Form 10-K filed on May 15, 2017. The term of the CFO Employment Agreement ends on February 28, 2020, unless terminated earlier pursuant to its terms. The CFO Employment Agreement will automatically renew on a year to year basis if notice of termination is not given by one of the parties at least 180 days prior to the renewal date.

In accordance with the CFO Employment Agreement, the Company will pay Mr. Stoehr an annual base salary, subject to review and potential upward adjustment annually as authorized and approved by the PEO and the Committee. In addition, Mr. Stoehr will be paid a bonus calculated based on 0.75% of consolidated pre-tax earnings (including certain adjustments).

In the event of the termination of Mr. Stoehr’s employment by the Company, without cause, by Mr. Stoehr for “Good Reason,” by Mr. Stoehr via voluntary retirement within two (2) years from the effective date of the CFO Employment Agreement, or by virtue of Mr. Stoehr’s death or disability, the executive shall be entitled to certain payments and continuation of benefits depending on the reason for termination as more specifically set forth in the CFO Employment Agreement. If his employment is terminated by the Company without cause or by Mr. Stoehr for "Good Reason," which is defined to include a Change in Control (as defined in the CFO Employment Agreement, Mr. Stoehr shall be paid one year of Base Compensation, plus any earned and unpaid Base Compensation for the period ending on termination plus the incentive bonus prorated as of the date of termination.

Mr. Stoehr is subject to a non-compete restriction during employment and for one year following termination and to non-solicitation and non-interference restrictions during his employment and for two years following termination.

Loriann Shelton

In January 2017, the Company entered into an employment agreement with Ms. Shelton (the “COO Employment Agreement”). A copy of the COO Employment Agreement was filed as Exhibit 10.2 to the Company's report on Form 10-K filed on May 15, 2017. The term of the COO Employment Agreement ends on February 28, 2020, unless terminated earlier pursuant to its terms. The COO Employment Agreement will automatically renew on a year to year basis if notice of termination is not given by one of the parties at least 180 days prior to the renewal date.

In accordance with the COO Employment Agreement, the Company will pay Ms. Shelton an annual base salary, subject to review and potential upward adjustment annually as authorized and approved by the PEO and the Committee. In addition, Ms. Shelton will be paid a guaranteed bonus of $50,000, and be eligible for additional incentives based on the achievement of certain consolidated pre-tax earnings levels (including certain adjustments).

In the event of the termination of Ms. Shelton’s employment by the Company, without cause, by Ms. Shelton for “Good Reason,” by Ms. Shelton via voluntary retirement within two (2) years from the effective date of the COO Employment Agreement, or by virtue of Ms. Shelton’s death or disability, the executive shall be entitled to certain payments and continuation of benefits depending on the reason for termination as more specifically set forth in the COO Employment Agreement. If her employment is terminated by the Company without cause or by Ms. Shelton for "Good Reason," which is defined to include a Change in Control (as defined in the COO Employment Agreement, Ms. Shelton shall be paid one year of Base Compensation, plus any earned and unpaid Base Compensation for the period ending on termination plus the incentive bonus prorated as of the date of termination.

Ms. Shelton is subject to a non-compete restriction during employment and for one year following termination and to non-solicitation and non-interference restrictions during her employment and for two years following termination.

Thomas Malone
In January 2017, the Company entered into an employment agreement with Mr. Malone (the “SVP-VAS Employment Agreement”). A copy of the SVP-VAS Employment Agreement was filed as Exhibit 10.3 to the Company's report on Form 10-K filed on May

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15, 2017. The term of the SVP-VAS Employment Agreement ends on February 28, 2020, unless terminated earlier pursuant to its terms. The SVP-VAS Employment Agreement will automatically renew on a year to year basis if notice of termination is not given by one of the parties at least 180 days prior to the renewal date.
In accordance with the SVP-VAS Employment Agreement, the Company will pay Mr. Malone an annual base salary, subject to review and potential upward adjustment annually as authorized and approved by the PEO and the Committee. In addition, Mr. Malone will be paid a bonus calculated based on .5% of the gross profit of certain product lines with a minimum guaranteed bonus of $225,000. In addition, Mr. Malone shall receive 1% of Voxx's net gain on sale (less accumulated losses), or 1% of the pre-tax profit on sale, in the event of Voxx's sale of its ownership stake in Eyelock LLC. or 360fly, Inc., respectively.
In the event of the termination of Mr. Malone’s employment by the Company, without cause, by Mr. Malone for “Good Reason,” by Mr. Malone via voluntary retirement within two (2) years from the effective date of the SVP-VAS Employment Agreement, or by virtue of Mr. Malone’s death or disability, the executive shall be entitled to certain payments and continuation of benefits depending on the reason for termination as more specifically set forth in the SVP-VAS Employment Agreement. If his employment is terminated by the Company without cause or by Mr. Malone for "Good Reason," which is defined to include a Change in Control (as defined in the SVP-VAS Employment Agreement, Mr. Malone shall be paid one year of Base Compensation, plus any earned and unpaid Base Compensation for the period ending on termination plus the incentive bonus prorated as of the date of termination.
Mr. Malone is subject to a non-compete restriction during employment and for one year following termination and to non-solicitation and non-interference restrictions during his employment and for two years following termination.
T. Paul Jacobs
On February 3, 2011, KGI entered into an employment agreement with Mr. Jacobs, which agreement was authorized and approved by the Company's Board of Directors in conjunction with the Company's acquisition of KGI (the "KGI Agreement"). A copy of the KGI Agreement was filed as Exhibit 10.5 to the Company's Report on Form 10-K filed on May 16, 2011 with the Securities and Exchange Commission. The KGI Agreement is effective until any of the parties notifies the other of his or its intention to terminate employment with the Company according to the terms outlined in the agreement.

During the term of the KGI Agreement, the Company will pay Mr. Jacobs an annual base salary, subject to review and potential upward adjustment annually as authorized and approved by the PEO and the Committee.

In addition, the Company will pay Mr. Jacobs an annual bonus equal to a maximum of fifty percent (50%) of his base salary based on achievement of EBITDA goals (as determined by the PEO) and other goals established at the beginning of each year, which are designed to promote the growth of the Company. In addition, the KGI Agreement provides for a put option for Mr. Jacobs, determined by multiplying the cumulative after tax net profit or loss of KGI (commencing March 1, 2011 ("Commencement Date")) by 1.6%, and bearing interest at the same per annum rate the Company receives from its lead bank. Mr. Jacobs was entitled to begin requesting cash payment of his accumulated put option balances beginning 30 months from the Commencement Date and at no less than 60 month intervals, thereafter, at each request.

In the event of the termination of Mr. Jacobs' employment by the Company, without cause, by Mr. Jacobs, with good reason, or by virtue of Mr. Jacobs' death or disability, he is entitled to certain payments and continuation of benefits depending on the reason for termination as more specifically set forth in the KGI Agreement. The KGI Agreement does not provide for a payment in the event of a change in control.

Mr. Jacobs is subject to confidentiality restrictions during his employment and thereafter, and to non-compete, non-solicitation and non-disparagement restrictions during his employment and for 12 months following termination.

The above is a summary of the terms of the KGI Agreement and is qualified in its entirety by reference to the KGI Agreement.

401(k) and Profit Sharing Plan

The Company has a 401(k) plan for eligible employees. The Company matches a portion of the participant's contributions in the amount of 40% of elective deferrals up to a maximum of 4% of eligible compensation after three months of service. Shares of the Company's common stock are not an investment option in the Savings Plan and the Company does not use such shares to match participants' contributions. The Company contributed approximately $566,537 to the 401(k) plan during Fiscal 2018.

The Company also has a Profit Sharing Plan that allows the Company to make discretionary profit sharing contributions for the benefit of participating employees, including the NEOs, for any fiscal year in an amount determined by the Board of Directors.

Whether or not the Board of Directors makes a discretionary contribution, the size of the contribution is dependent upon the performance of the Company. A participant's share of the discretionary contribution is determined pursuant to the participant's eligible wages for the fiscal year as a percentage of eligible wages for all participants for the fiscal year. During Fiscal 2018, the Board did not make a discretionary profit sharing contribution to the Plan.

Cash Bonus Profit Sharing Plan

The Company has a Cash Bonus Profit Sharing Plan that allows the Company to make profit sharing contributions for the benefit of eligible employees, including NEOs, for any fiscal year in an amount not to exceed 3.5% of pre-tax profits or $2.5 million. If pre-tax profits in any given fiscal year do not exceed $3 million, there will be no contribution to the Cash Bonus Profit Sharing Plan for that fiscal year. The size of the contribution is dependent upon the performance of the Company. A participant's share of the contribution is determined pursuant to the participant's eligible wages for the fiscal year as a percentage of eligible wages for all participants for the fiscal year. The Company elected not to make a cash bonus profit sharing contribution for Fiscal 2018.

Measuring Company Performance for Compensation Purposes

The value of our stock options is based upon the Company's performance, as reflected in the price of its stock and is believed to best reflect the longer-term performance of the Company. Bonuses and other performance-based incentives are based on revenue, operating income targets or pre-tax profits established in connection with the annual budgeting process, or achieving certain strategic goals and are believed to best reflect the short-term performance of the Company.

Compensation Committee Report

The following Compensation Committee Report does not constitute soliciting material and should not be deemed filed or incorporated by reference into any other Company filing under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent the Company specifically incorporates this information by reference therein.

The Compensation Committee of the Company has reviewed and discussed the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K with management. Based on this review and discussion, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in the Proxy Statement.

Members of the Compensation Committee

Peter A. Lesser, Chairman
Denise Waund Gibson
John Adamovich, Jr.

Fiscal 2018 Summary Compensation Table

Name and Principal Position	Year	Salary (1)	Bonus (4)	Stock Awards (2)	Option Awards (3)	Non-Equity Incentive Plan Compensation (4)	All Other Compensation (5)	Total
Patrick M. Lavelle	2018	$1,000,000	$—	$107,524	$ —	$ 1,750,000	$ 25,316	$2,882,840
President and Chief	2017	$1,000,000	$—	$95,560	$ —	$ 250,000	$ 23,291	$1,368,851
Executive Officer	2016	$1,000,000	$—	$152,803	$ —	$ 250,000	$ 22,122	$1,424,925
Charles M. Stoehr	2018	$400,000	$—	$38,914	$ —	$ 272,283	$ 25,291	$736,488
Senior Vice President and	2017	$400,000	$—	$33,754	$ —	$ 52,401	$ 24,527	$510,682
Chief Financial Officer	2016	$400,000	$—	$46,593	$ —	$ 41,546	$ 23,923	$512,062
Loriann Shelton	2018	$450,000	$—	$49,462	$ —	$ 312,500	$ 21,692	$833,654
Senior Vice President and	2017	$450,000	$37,500	$38,002	$ —	$ 87,500	$ 19,282	$632,284
Chief Operating Officer	2016	$409,615	$—	$48,024	$ —	$ 87,500	$ 18,943	$564,082
Thomas Malone	2018	$225,000	$—	$22,483	$ —	$ 225,000	$ 20,422	$492,905
Senior Vice President and	2017	$225,000	$—	$47,500	$ —	$ 225,000	$ 20,376	$517,876
President, Voxx Advanced Solutions	2016	$225,000	$—	$77,682	$ —	$ 725,000	$ 19,162	$1,046,844
T. Paul Jacobs	2018	$500,000	$—	$76,030	$ —	$ 57,901	$ 16,995	$650,926
President and Chief	2017	$497,308	$—	$43,169	$ —	$ 364,475	$ 15,929	$920,881
Executive Officer, KGI	2016	$479,615	$—	$47,747	$ —	$ 18,816	$ 19,421	$565,599
Ludwig Geis (6)	2018	$212,805	$1,500,000	$74,610	$ —	$ 232,345	$ 22,902	$2,042,662
Chief Executive Officer and	2017	$359,337	$—	$77,071	$ —	$ 393,999	$ 35,157	$865,564
President, VOXXHirschmann	2016	$367,619	$—	$115,023	$ —	$ 403,080	$ 38,937	$924,659
John J. Shalam (7)	2018	$450,000	$—	$57,156	$ —	$ 1,114,580	$ 12,432	$1,634,168
Chairman of The Board	2017	$450,000	$—	$47,538	$ —	$ 214,470	$ 53,279	$765,287
	2016	$450,000	$—	$87,056	$ —	$ 171,843	$ 63,053	$771,952

(1) The Company deferred $250,000 in Fiscal Years 2018, 2017 and 2016 of Mr. Lavelle's salary into a special deferred compensation account (the "Lavelle Account"). See further discussion in the non-qualified deferred compensation plan table.

(2) This column represents the aggregate fair value of stock awards granted to our NEOs. The amounts presented do not represent the actual value that will be recognized by the individuals upon issuance.

(3) This column represents the aggregate fair value of stock options granted to each of our NEOs. The amounts presented do not represent the actual value that will be recognized by the NEOs upon exercise, as applicable. No stock options were granted by the Company during Fiscal Years 2018, 2017 or 2016.

(4) Refer to CD&A for a further discussion on the non-equity incentive plan and bonus calculations for the Voxx Chairman and NEOs.

(5) See the All Other Compensation Table below for additional information.

(6)

Compensation amounts for Mr. Geis were converted from Euro to U.S. Dollars using the month end rate as of February 28th or February 29th of each respective year, as applicable.

(7) Mr. Shalam, Chairman of the Board of Voxx, is not an executive officer of the Company.

All Other Compensation Table

The following table describes each component of the All Other Compensation column in the Summary Compensation Table.

Name of Executive	Auto Allowance	Value of Supplemental Life Insurance Premiums(1)	Employer Contributions Relating to Employee Savings Plan	Other (2)	Total
Lavelle	$ 15,057	$ 5,557	$ 4,702	$—	$25,316
Stoehr	$ 14,498	$ 6,307	$ 4,486	$—	$25,291
Shelton	$ 12,000	$ 5,175	$ 4,517	$—	$21,692
Malone	$ 12,547	$ 5,175	$ 2,700	$—	$20,422
Jacobs	$ —	$ 2,121	$ 462	$14,412	$16,995
Geis (3)	$ 5,451	$ 330	$ —	$17,121	$22,902
Shalam	$ 3,102	$ 6,307	$ 3,023	$—	$12,432

(1) This column represents taxable payments made for the Chairman of Voxx and the named executives to cover premiums for a $1,000,000 (or such reduced amount as may be required by the Company's insurer due to age coverage constraints) life insurance policy and supplemental disability insurance, which are owned by each executive.

(2) This column contains continuing education and/or professional subscription fees reimbursed by KGI to Mr. Jacobs, as well certain medical and travel expense reimbursements for Mr. Geis.

(3) Compensation amounts for Mr. Geis were converted from Euro to U.S. Dollars using the month end rate as of February 28, 2018.

Note: The column entitled "Employer Contributions Relating to Cash Bonus Profit Sharing Plan" has been omitted because there were no employer contributions to the Cash Bonus Profit Sharing Plan for Fiscal 2018.

Grants of Plan Based Awards during Fiscal 2018

The following table discloses the amount of non-equity incentive plan awards for Fiscal 2018:

		Estimated Possible Payouts Under Non-Equity Incentive Plan Awards			All Other Stock Awards
Name	Grant Date	Threshold ($)	Target ($)	Maximum ($)	Number of Shares of Stock (#)
Lavelle	4/6/2017	$—	$1,750,000	$1,750,000*	16,504
Stoehr	4/6/2017	$—	$272,283	$272,283 *	5,973
Shelton	4/6/2017	$50,000	$312,500	$312,500 *	7,592
Malone	4/6/2017	$225,000	$225,000	$225,000 *	3,451

Jacobs (1)	4/6/2017	$—	$57,901	$57,901	*11,670
Geis (2)	4/6/2017	$—	$232,345	$232,345	*11,452
Shalam	4/6/2017	$—	$1,114,580	$1,114,580	*8,773

(1) Mr. Jacobs' target and maximum non-equity incentive award include put option earnings of $17,401 for Fiscal 2018.

(2) Compensation amounts for Mr. Geis were converted from Euro to U.S. Dollars using the month end rate as of February 28, 2018.

* Based on the Fiscal 2018 financial results, this represents the maximum achieved.

Note: The columns which present information related to "All Other Awards" have been omitted as there is no information to report in these columns for Fiscal 2018.

Outstanding Equity Awards at 2018 Fiscal Year End

The following table sets forth outstanding stock option awards classified as exercisable and unexercised and restricted stock awards not yet vested as of February 28, 2018, for the Chairman and NEOs.

	Equity Incentive Plan Awards	
Name	Shares That Have Not Yet Vested (1) (#)	Market or Payout Value of Shares That Have Not Yet Vested (1) ($)
Lavelle	70,823	$355,886
Stoehr	24,252	$119,261
Shelton	41,088	$277,292
Malone	52,762	$344,970
Jacobs	46,223	$294,320
Geis	—	$—
Shalam	37,153	$191,750

(1) These columns exclude 57,599 shares or $608,612 for Mr. Lavelle, 14,986 shares or $159,064 for Mr. Stoehr, and 33,504 shares or $355,435 for Mr. Shalam representing restricted stock granted pursuant to the Company's Supplemental Executive Retirement Plan which have vested to date but are not issued. When issued, these awards will be settled in shares or in cash at the Company's sole option. In conjunction with the Company's sale of its Hirschmann operation, 72,300 shares previously awarded to Mr. Geis vested and were settled in cash in the amount of $582,015.

Note: Information regarding Option Awards has been omitted because there were no outstanding unexercised options awards or unexercised options unexercisable at February 28, 2018.

Option Exercises and Stock Vested at 2018 Fiscal Year End

The table below provides information regarding the vesting of stock awards during the fiscal year ended February 28, 2018, by the following NEO's.

	Stock Vested	
	Number of Shares Acquired on Vesting (1) (#)	Value Realized on Vesting (1) ($)
Lavelle	30,066	$233,613
Stoehr	7,700	$59,829
Shelton	—	$—
Jacobs	—	$—
Geis	—	$—
Shalam	17,246	$134,001

(1) These columns include restricted stock granted pursuant to the Company's Supplemental Executive Retirement Plan which have vested but are not issued. When issued, these awards will be settled in shares or in cash at the Company's sole option. The amounts presented do not represent the actual value that will be recognized by the individuals upon issuance.

Nonqualified Deferred Compensation for Fiscal Year 2018

The table below provides information on the non-qualified deferred compensation of our Chairman and NEOs:

Name	Executive Contributions in Fiscal 2018 (1)	Registrant Contributions in Fiscal 2018 (2)	Aggregate Earnings in Fiscal 2018 (3)	Aggregate Withdrawals/ Distributions	Aggregate Balance at February 28, 2018
Lavelle	$ —	$ 250,000	$ —	$ (250,000)	$ —
Stoehr	$ —	$ —	$ —	$ —	$ —
Shelton	$ 24,231	$ —	$ 29,444	$ (97,919)	$ 297,956
Malone	$ —	$ —	$ 59,474	$ —	$ 460,960
Jacobs	$ —	$ —	$ —	$ —	$ —
Geis	$ —	$ —	$ —	$ —	$ —
Shalam	$ —	$ —	$ —	$ —	$ —

(1) Represents contributions made by Chairman of Voxx and Voxx NEOs into the Company's deferred compensation plan. Such amounts are included in the salary or bonus column in the summary compensation table. Employees of Klipsch and Hirschmann did not participate in the Company's deferred compensation plan in Fiscal 2018.

(2) Represents Company matching contributions to or funding of the Chairman's and each NEOs deferred compensation account. Such amounts are included in the All Other Compensation column in the Summary

Compensation Table, except for the funding of Mr. Lavelle's deferred compensation account, which is included in the Salary column in the Summary Compensation Table.

(3) Represents interest, dividends and changes in market value of the Chairman's, each NEOs and employer contributed funds.

CEO Pay-Ratio Disclosure

In compliance with SEC rules, we are required to provide the relationship of the annual total compensation of the median of our employees (other than the CEO) and the annual total compensation of Patrick M. Lavelle, our Chief Executive Officer (the “CEO”). The pay ratio included in this information is a reasonable estimate calculated in a manner consistent with Item 402(u) of Regulation S-K.

To identify the “median employee,” we used a consistently applied compensation measure with the following methodology, material assumptions, adjustments and estimates:

- The Company selected December 31, 2017, which is within the last three months of our fiscal year, as the date for determining the employees to be considered in computing the pay ratio, and the twelve months ended December 31, 2017 as the measurement period.
- We utilized the entire global population of 920 employees including full-time, part-time, seasonal and foreign employees without exercising the de minimis exception for any of our foreign or U.S. personnel. Local amounts were converted to U.S. dollars using the applicable rate of exchange in effect on December 31, 2017.
- The Company chose “total taxable earnings” reported to the respective federal taxing authority for the calendar year 2017 as our consistently applied compensation measure. No cost-of-living adjustments were made. Earnings were annualized for employees who were employed on December 31, 2017 but did not work for the Company for the full fiscal year.
- The median employee was identified as a product repair & service administration employee in one of our German locations.
- “Total Annual Compensation” for the CEO and the median employee was based on the applicable instructions and interpretations used to calculate compensation to be reported in the Summary Compensation Table (“SCT”) included within this Proxy. To calculate the pay ratio, the total annual compensation of the median employee was converted from local currency to U.S. dollars using the rate of exchange in effect at February 28, 2018.

For Fiscal 2018, the annual total compensation of the median compensated of all our employee (other than the CEO) was $51,853, and the annual total compensation of our CEO was $2,882,840 as indicated in the Summary Compensation Table within the Compensation Discussion & Analysis above. Therefore, our median employee to CEO pay ratio was estimated to be approximately 1 to 56.

This pay ratio is a reasonable estimate calculated in a manner consistent with SEC rules based on our payroll and employment records and the methodology described above. The SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee’s annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions based on their compensation practices. Therefore, the ratio we report may not be comparable to the ratio reported by other companies.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers, directors and persons who own more than ten percent of a registered class of our equity securities ("Reporting Persons") to file reports of ownership and changes in ownership on Forms 3, 4 and 5 with the Securities and Exchange Commission (the "SEC") and the Nasdaq Stock Market (the "Nasdaq"). These Reporting Persons are required by SEC regulation to furnish us with copies of all Forms 3, 4 and 5 they file with the SEC and Nasdaq. To the Company's knowledge, based solely upon a review of the copies of the forms received by the Company with respect to the fiscal year ended February 28, 2018, or written representations from reporting persons, we believe that our directors and executive officers have complied on a timely basis with all filing requirements applicable to them, except for Patrick M. Lavelle, John J. Shalam, Charles M. Stoehr, Thomas Malone, Loriann Shelton, David Geise, Paul Jacobs, Ludwig Geis and Ian S. Geise, who each filed a Form 4 on August 16, 2017 to report the granting of SERP awards on July 20, 2017 of 16,504, 8,773, 5,973, 3,451, 7,592, 3,904, 11,670, 11,452 and 4,836 restricted stock units, respectively.

OTHER MATTERS

At the time of preparation of this Proxy Statement, neither the Board of Directors nor management know of any matters to be presented for action at the meeting other than as set forth in Proposals 1 and 2 of the Notice of Annual meeting and this Proxy Statement. However, if any other matters come before the meeting, it is intended that the holders of the proxies will vote thereon according to their best judgment.

By order of the Board of Directors

CHRIS LIS JOHNSON
Corporate Secretary
VOXX International Corporation

Orlando, Florida
June 8, 2018

YOUR VOTE IS IMPORTANT

You are cordially invited to attend the Annual Meeting. However, to ensure that your shares are represented at the meeting, please submit your proxy or voting instructions (1) over the Internet, (2) by telephone, or (3) by mail. Please see the instructions on the proxy and voting instruction card. Submitting a proxy or voting instructions will not prevent you from attending the Annual meeting and voting in person, if you so desire, but will help the Company secure a quorum and reduce the expense of additional proxy solicitation.

VOXX INTERNATIONAL CORPORATION

2351 J LAWSON BLVD.
ORLANDO, FL 32824

ATTN: CHRIS LIS JOHNSON

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY
THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED

VOXX INTERNATIONAL CORPORATION THIS PROXY IS SOLICTED BY THE BOARD OF DIRECTORS	For All	Withhold All	For All Except	To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.
Vote on Directors				
1. ELECTION OF DIRECTORS. To elect our board of seven directors; and	o	o	o	

Nominees:
Class A Shareholders vote:
01) Peter A. Lesser
02) Denise Waund Gibson
03) John Adamovich, Jr.
04) John J. Shalam
05) Patrick M. Lavelle
06) Charles M. Stoehr
07) Ari M. Shalam

THE BOARD OF DIRECTORS RECOMMENDS YOU VOTE FOR THE FOLLOWING PROPOSAL:	For	Against	Abstain
2. To ratify the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending February 28, 2019.	o	o	o

NOTE: Such other business as may properly come before the meeting or any adjournment thereof.

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice and Proxy Statement and Annual Report on Form 10-K are available at www.proxyvote.com.

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VOXX INTERNATIONAL CORPORATION
2351 J Lawson Blvd.
Orlando, FL 32824

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JULY 19, 2018

The undersigned appoints Patrick M. Lavelle and Charles M. Stoehr, each as proxies with power to act without the other and with power of substitution, and hereby authorizes them to represent and vote, as designated on the other side, all the shares of stock of VOXX International Corporation standing in the name of the undersigned with all powers which the undersigned would possess if present at the Annual Meeting of Shareholders of the Company to be held July 19, 2018, at the Company's New York Offices, 180 Marcus Boulevard, Hauppauge, NY 11788 at 10:00 a.m., or any adjournment or postponement thereof.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.

Continued and to be signed on the reverse side

VOXX INTERNATIONAL CORPORATION

2351 J LAWSON BLVD
ORLANDO, FL 32824

ATTN: CHRIS LIS JOHNSON

VOTE BY INTERNET - www.proxyvote.com
Use the Internet to transmit your voting instructions and for electronic delivery of information up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you access the website and follow the instructions to obtain your records and to create an electronic voting instruction form.

ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS
If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet. To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

VOTE BY PHONE - 1-800-690-6903
Use any touch-tone telephone to transmit your voting instructions up until 11:59 P.M. Eastern Time the day before the cut-off date or meeting date. Have your proxy card in hand when you call and then follow the instructions.

VOTE BY MAIL
Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS:

M47881-P28475 KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY
THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED

VOXX INTERNATIONAL CORPORATION	For	Withhold	For All	To withhold authority to vote for any individual nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.
THIS PROXY IS SOLICTED BY THE BOARD OF DIRECTORS	All	All	Except	
Vote on Directors				
1. ELECTION OF DIRECTORS. To elect our board of four directors; and	o	o	o	

Nominees:
Class B Shareholders vote:
01) John J. Shalam
02) Patrick M. Lavelle
03) Charles M. Stoehr
04) Ari M. Shalam

THE BOARD OF DIRECTORS RECOMMENDS YOU VOTE FOR THE FOLLOWING PROPOSAL:		For	Against	Abstain
2.	To ratify the appointment of Grant Thornton LLP as the Company's independent registered public accounting firm for the fiscal year ending February 28, 2019.	o	o	o
	NOTE: Such other business as may properly come before the meeting or any adjournment thereof.			

Please sign exactly as your name(s) appear(s) hereon. When signing as attorney, executor, administrator, or other fiduciary, please give full title as such. Joint owners should each sign personally. All holders must sign. If a corporation or partnership, please sign in full corporate or partnership name, by authorized officer.

Signature [PLEASE SIGN WITHIN BOX]	Date	Signature (Joint Owners)	Date

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting:
The Notice and Proxy Statement and Annual Report on Form 10-K are available at www.proxyvote.com.

VOXX INTERNATIONAL CORPORATION
2531 J Lawson Blvd
Orlando, FL 32824

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD JULY 19, 2018

The undersigned appoints Patrick M. Lavelle and Charles M. Stoehr, each as proxies with power to act without the other and with power of substitution, and hereby authorizes them to represent and vote, as designated on the other side, all the shares of stock of VOXX International Corporation standing in the name of the undersigned with all powers which the undersigned would possess if present at the Annual Meeting of Shareholders of the Company to be held July 19, 2018, at the Company's New York Offices, 180 Marcus Boulevard, Hauppauge, NY 11788 at 10:00 a.m., or any adjournment or postponement thereof.

This proxy, when properly executed, will be voted in the manner directed herein. If no such direction is made, this proxy will be voted in accordance with the Board of Directors' recommendations.

Continued and to be signed on the reverse side