SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended June 30, 2001

OR

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

KOSS CORPORATION — Commission file number 0-3295
(Exact name of registrant as specified in its charter)

A Delaware Corporation — 391168275
(State or other jurisdiction of incorporation or organization) — (I.R.S. Employer Identification No.)

4129 North Port Washington Avenue, Milwaukee, Wisconsin — 53212
(Address of principal executive offices) — (Zip Code)

Registrant's telephone number, including area code: (414) 964-5000

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

Title of Each Class	Name of Each Exchange on Which Registered
NONE	NONE

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

Common Stock, $0.01 par value (voting)
(Title of class)

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

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

YES X NO

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of August 1, 2001 was approximately $66,074,852 (based on the $34.00 per share closing price of the Company's Common Stock as reported on the NASDAQ Stock Market on August 1, 2001). In determining who are affiliates of the Company for purposes of this computation, it is assumed that directors, officers, and any persons who held on August 1, 2001 more than 5% of the issued and outstanding common stock of the Company are "affiliates" of the Company. The characterization of such directors, officers, and other persons as affiliates is for purposes of this computation only and should not be construed as a determination or admission for any other purpose that any of such persons are, in fact, affiliates of the Company.

On August 1, 2001, 1,943,378 shares of voting common stock were outstanding.

Documents Incorporated by Reference

Part III incorporates by reference information from Koss Corporation's Proxy Statement for its 2001 Annual Meeting of Stockholders to be filed within 120 days of the end of the fiscal year covered by this Report.

PART I

Item 1. BUSINESS.

As used herein, the term "Company" means Koss Corporation and its consolidated subsidiaries, unless the context otherwise requires.

The Company operates in the audio/video industry segment of the home entertainment industry through its design, manufacture and sale of stereo headphones, and related accessory products.

The Company's principal product is the design, manufacture, and sale of stereophones and related accessories. The percentage of total revenues related to the product line over the past three years was:

	2001	2000	1999
Stereophones	94%	91%	97%

The Company's products are sold through audio specialty stores, catalog showrooms, regional department store chains, military exchanges and national retailers under the "Koss" name and dual label. The Company has more than 1,600 domestic dealers and its products are carried in approximately 18,000 domestic retail outlets. International markets are served by domestic sales representatives and a sales office in Switzerland which utilizes independent distributors in several foreign countries.

Management believes that it has sources of raw materials that are adequate for its needs.

The Company regularly applies for registration of its trademarks in various countries, and over the years the Company has had numerous trademarks registered in various countries and numerous patents issued in various countries. Certain of the Company's trademarks are of material value and importance to the conduct of its business. Although the Company considers protection of its proprietary developments important, the Company's business is not, in the opinion of management, materially dependent upon any single patent.

Although retail sales of consumer electronics are predictably higher during the holiday season, management of the Company is of the opinion that its business and industry segment are not seasonal as evidenced by the fact that 52% of sales occurred in the first six months of the fiscal year and 48% of sales occurred in the latter six months of the fiscal year.

The Company's working capital needs do not differ substantially from those of its competitors in the industry and generally reflect the need to carry significant amounts of inventory to meet delivery requirements of its customers. The Company provides extended payment terms for product sales to certain customers. Based on historical trends, management does not expect these practices to have any material effect on net sales or net income. The Company's current backlog of orders is not material in relation to annual net sales.

The Company markets its products to approximately 2,000 customers worldwide. During 2001, the Company's sales to its largest single customer, Tandy Corporation, were approximately 18% of total net sales. Management believes that any loss of this customer's revenues would be partially offset by a corresponding decrease, on a percentage basis, in expenses thereby reducing the impact on the Company's operating income. Although perhaps initially material, management believes this impact would be offset in future years by expanded sales to both existing and new customers. The five largest customers of the Company accounted for approximately 51% of total net sales in 2001.

Although competition in the stereophone market has increased this past year, the Company has maintained its competitive position as a leading marketer and producer of high fidelity stereophones in the United States. In the stereophone market, the Company competes directly with approximately five major competitors, several of whom are large and diversified and have greater total assets and resources than the Company.

The amount spent on engineering and research activities relating to the development of new products or the improvement of existing products was $89,000 during fiscal 2001 as compared with $227,000 during fiscal 2000 and $243,000 during fiscal 1999. These activities were conducted by both Company personnel and outside consultants. The Company relies upon its unique sound, quality workmanship, brand identification, engineering skills and customer service to maintain its competitive position.

As of June 30, 2001, the Company employed 111 people. The Company also utilizes temporary personnel to meet seasonal production demands.

Foreign Sales.

International markets are serviced through manufacturers' representatives or independent distributors with product produced in the United States. In the opinion of management, the Company's competitive position and risks relating to the conduct of its business in such markets are comparable to the domestic market. For further information, see Note 9 to the consolidated financial statements accompanying this Form 10-K.

Item 2. PROPERTIES.

The Company leases its main plant and offices in Milwaukee, Wisconsin from its Chairman, John C. Koss. On June 25, 1993, the lease was renewed for a period of ten years, and is being accounted for as an operating lease. The lease extension increased the rent from $280,000 per year to a fixed rate of $350,000 per year for three years and $380,000 for the seven years thereafter. The lease is on terms no less favorable to the Company than those that could be obtained from an independent party. The Company is responsible for all property maintenance, insurance, taxes and other normal expenses related to ownership.

All facilities are in good repair and, in the opinion of management, are suitable for the Company's purposes.

Item 3. LEGAL PROCEEDINGS.

Neither Koss nor its subsidiaries are subject to any material legal proceedings in management's opinion.

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

No matters were submitted to a vote of stockholders during the fourth quarter of the fiscal year ended June 30, 2001.

PART II

Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

MARKET INFORMATION ON COMMON STOCK

The Company's common stock is traded on The NASDAQ Stock Market under the trading symbol "KOSS". There were approximately 951 holders of the Company's common stock as of August 1, 2001. No dividends have been paid for the years ended June 30, 2001, 2000, and 1999. The quarterly high and low sale prices of the Company's common stock for the last two fiscal years are shown below.

	Fiscal Year 2001		Fiscal Year 2000	
Quarter	High	Low	High	Low
First	$20.375	$15.125	$15.000	$10.625
Second	$31.750	$18.875	$15.750	$ 9.125
Third	$31.000	$20.250	$16.000	$13.750
Fourth	$40.000	$27.563	$18.250	$13.000

The Company paid no cash dividends on its stock for the periods set forth above; however, on July 25, 2001, the Company issued a press release announcing the Company's intent to begin paying quarterly dividends beginning with the quarter ending September 30, 2001. The full text of the Form 8-K and the press release are incorporated herein by reference.

Item 6. SELECTED FINANCIAL DATA.

	2001	2000	1999	1998	1997
Net sales	$38,609,335	$35,401,533	$33,776,039	$41,311,207	$40,413,509
Net income	$5,687,521	$4,953,461	$4,318,189	$5,477,629	$3,587,688
Earnings per common share:					
Basic	$2.70	$1.95	$1.41	$1.68	$1.09
Diluted	$2.56	$1.90	$1.39	$1.65	$1.07
Total assets	$21,496,328	$25,044,307	$25,721,696	$32,028,769	$26,332,923
Long-term debt	$0	$0	$0	$2,746,000	$1,221,000

Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

FINANCIAL CONDITION AND LIQUIDITY

During 2001, cash provided by operations was $8,923,853. Working capital was $14,725,834 at June 30, 2001. The decrease in working capital of $5,948,534 from the balance at June 30, 2000 represents primarily the net effect of a decrease in cash and inventories and an increase in payables.

Capital expenditures for new property and equipment including production tooling were $814,851, $349,620, and $421,251, in 2001, 2000, and 1999, respectively. Depreciation charges totaled $599,526, $654,916, and $614,184, for the same fiscal years. Budgeted capital expenditures for fiscal year 2002 are $1,240,000. The Company expects to generate sufficient funds through operations to fund these expenditures.

Stockholders' investment decreased to $14,939,429 at June 30, 2001 from $20,493,633 at June 30, 2000. The decrease reflects primarily the effect of the purchase and retirement of common stock offset by current year income and the exercise of stock options during the year. No cash dividends have been paid since the first quarter of fiscal 1984. On July 25, 2001, the Company announced a quarterly cash dividend of $0.25 per share for stockholders of record on September 30, 2001, to be paid October 15, 2001.

The Company amended its existing credit facility in December 1999, extending the maturity date of the unsecured line of credit to November 1, 2001. This credit facility provides for borrowings up to a maximum of $10,000,000. The Company can use this credit facility for working capital purposes or for the purchase of its own stock pursuant to the Company's stock repurchase program. Borrowings under this credit facility bear interest at the bank's prime rate, or LIBOR plus 1.75%. This credit facility includes certain financial covenants that require the Company to maintain a minimum tangible net worth and specified current, interest coverage, and leverage ratios. There was no utilization of this credit facility at June 30, 2001, June 30, 2000, and June 30, 1999.

In April of 1995, the Board of Directors approved a stock repurchase program authorizing the Company to purchase from time to time up to $2,000,000 of its common stock for its own account. In January of 1996, the Board of Directors approved an increase in the stock repurchase program from $2,000,000 to $3,000,000. In July of 1997, the Board of Directors again approved an increase in the stock repurchase program from $3,000,000 to $5,000,000. In January of 1998, the Board of Directors approved an increase of an additional $2,000,000, increasing the total stock repurchase program from $5,000,000 to $7,000,000. In August of 1998, the Board of Directors approved an increase of $3,000,000 in the Company's stock repurchase program, thereby increasing the total amount of stock repurchases from $7,000,000 to $10,000,000. In April of 1999, the Board of Directors again approved an increase in the stock repurchase program from $10,000,000 to $15,000,000. In October of 1999, the Board of Directors increased the stock repurchase program by another $5,000,000, up to a maximum of $20,000,000, and in July of 2000 the Board increased the program by an additional $5,000,000, for a maximum of $25,000,000. In January of 2001 the Board of Directors approved an increase in the stock repurchase program from $25,000,000 to $28,000,000, another increase in April of 2001 of an additional $3,000,000, and an additional increase of $3,000,000 in July of 2001 for a maximum of $34,000,000. The Company intends to effectuate all stock purchases either on the open market or through privately negotiated transactions, and intends to finance all stock purchases through its own cash flow or by borrowing for such purchases. For the fiscal year ended June 30, 2001, the Company purchased 462,241 shares of its common stock at an average gross price of $25.14 per share (and an average net price of $23.36 per share), and retired all such shares.

From the commencement of the Company's stock repurchase program through June 30, 2001, the Company has purchased and retired a total of 2,277,739 shares for a total gross purchase price of $33,160,608 (representing an average gross purchase price of $14.56 per share) and a total net purchase price of $29,437,035 (representing an average net purchase price of $12.92 per share). The difference between the total gross purchase price and the total net purchase price is the result of the Company purchasing from certain employees shares of the Company's stock acquired by such employees pursuant to the Company's stock option program. In determining the dollar amount available for additional purchases under the stock repurchase program, the Company uses the total net purchase price paid by the Company for all stock purchases, as authorized by the Board of Directors.

2001 RESULTS COMPARED WITH 2000

Net sales for 2001 were $38,609,335 compared with $35,401,533 in 2000, an increase of $3,207,802 or 9%. The increase was the result of higher sales volume of current products as well as the introduction of new products.

Gross profit was $15,572,208 or 40% in 2001 compared with $13,558,016 or 38.3% in 2000. The improved gross profit is the result of product mix and favorable raw material prices.

Selling, general and administrative expenses for 2001 were $7,446,119 compared with $6,947,013 in 2000, an increase of $499,106 or 7%. This increase was a result of the Company experiencing higher expenses associated with higher sales for the fiscal year.

Income from operations was $8,126,089 in 2001 compared with $6,611,003 in 2000, an increase of 22.9%. Interest income was $85,423 in 2001 compared with $102,139 in 2000, a decrease of 16.4%. Interest income fluctuates in relation to cash balances on hand throughout the year. Interest expense for 2001 was $15,465 compared with $24,244 in 2000.

Royalty income was $1,010,026 in 2001 compared with $1,283,563 in 2000, a decrease of 21.3%. The decrease in royalty income was a result of a reduction of territories under certain royalty agreements.

The Company has a License Agreement with Jiangsu Electronics Industries Limited ("Jiangsu"), a subsidiary of Orient Power Holdings Limited, by way of an assignment of a previously existing License Agreement with Trabelco N.V. Orient Power is based in Hong Kong and has an extensive portfolio of audio and video products. This License Agreement covers the United States, Canada, and Mexico, and has been renewed through December 31, 2002. Pursuant to this License Agreement, Jiangsu has agreed to meet certain minimum royalty amounts each year. The products covered by this License Agreement include various consumer electronics products.

Effective July 1, 1998, the Company entered into a License Agreement and an Addendum thereto with Logitech Electronics Inc. ("Logitech") of Ontario, Canada whereby the Company licensed to Logitech the right to sell multimedia/computer speakers under the Koss brand name. This License Agreement covers North America and certain countries in South America and Europe, requiring royalty payments by Logitech through June 30, 2008, subject to certain minimum annual royalty amounts.

Income taxes are discussed in Note 5 to the consolidated financial statements.

2000 RESULTS COMPARED WITH 1999

Net sales for 2000 were $35,401,533 compared with $33,776,039 in 1999, an increase of $1,625,494 or 5%. The increase was the result of higher sales volume of current products as well as the introduction of new products.

Gross profit was $13,558,016 or 38.3% in 2000 compared with $12,855,894 or 38.1% in 1999.

Selling, general and administrative expenses for 2000 were $6,947,013 compared with $7,225,340 in 1999, a decrease of $278,327 or 3.9%. This decrease was a result of the Company realizing lower bad debt expenses as compared to last year.

Income from operations was $6,611,003 in 2000 compared with $5,630,554 in 1999, an increase of 17.4%. Interest income was $102,139 in 2000 compared with $33,373 in 1999, an increase of 206.1%. Interest income fluctuates in relation to cash balances on hand throughout the year. Interest expense for 2000 was $24,244 compared with $67,932 in 1999. This decrease was due to decreased levels of borrowings during the fiscal year.

Royalty income was $1,283,563 in 2000 compared with $1,403,194 in 1999, a decrease of 8.5%. The decrease in royalty income was a result of the expiration of a licensing agreement with Trabelco N.V. on December 31, 1998.

The Company has a License Agreement with Jiangsu Electronics Industries Limited ("Jiangsu"), a subsidiary of Orient Power Holdings Limited, by way of an assignment of a previously existing License Agreement with Trabelco N.V. Orient Power is based in Hong Kong and has an extensive portfolio of audio and video products. This License Agreement covers North America, Central America, and South America. Pursuant to this License Agreement, Jiangsu has agreed to make royalty payments through December 31, 2000, subject to certain minimum royalty amounts due each year. The products covered by this License Agreement include various consumer electronics products. This License Agreement is subject to renewal for additional 3 year periods.

Effective July 1, 1998, the Company entered into a License Agreement and an Addendum thereto with Logitech Electronics Inc. ("Logitech") of Ontario, Canada whereby the Company licensed to Logitech the right to sell multimedia/computer speakers under the Koss brand name. This License Agreement covers North America and certain countries in South America and Europe. This License Agreement extends for 5 years and includes a 5 year renewal option at the Company's discretion. This License Agreement requires royalty payments by Logitech through June 30, 2003, subject to certain minimum royalty amounts due each year.

Income taxes are discussed in Note 5 to the consolidated financial statements.

RECENTLY ISSUED FINANCIAL ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (FAS) No. 141, "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets." The statements eliminate the pooling-of-interests method of accounting for business combinations and require that goodwill and certain intangible assets not be amortized. Instead, these assets will be reviewed for impairment annually with any related losses recognized in earnings when incurred. The statements will be effective for the Company as of July 1, 2002 for existing goodwill and intangible assets and for business combinations initiated after June 30, 2001. The adoption of these statements is not expected to have a material effect on the Company's financial position or results of operations.

In April 2001, the Emerging Issues Task Force ("EITF") reached a consensus on EITF Issue No. 00-25, "Accounting for Consideration from a Vendor to a Retailer in Connection with the Purchase or Promotion of the Vendor's Products." This issue requires that consideration from a vendor to a retailer (a) in connection with the retailer's purchase of the vendor's products or (b) to promote sales of the vendor's products by the retailer be classified as a reduction of net sales unless the consideration meets certain criteria. EITF No. 00-25 is effective for the Company's fiscal quarters beginning on January 1, 2002 and requires reclassification of prior periods. The Company is currently evaluating the impact of implementing EITF No. 00-25.

MANAGEMENT'S REPORT

The consolidated financial statements and related financial information included in this report are the responsibility of management as to preparation, presentation and reliability. Management believes that the financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America appropriate under the circumstances and necessarily include amounts that are based on best estimates and judgments.

The Company maintains a system of internal accounting controls to provide reasonable assurance that assets are safeguarded and that the books and records reflect the authorized transactions of the Company.

Oversight of management's financial reporting and internal accounting control responsibilities is exercised by the Board of Directors, through an Audit Committee that is comprised solely of non-employee directors. The Audit Committee is also responsible for the selection and appointment of the independent auditors and reviews the scope of their audit and their findings. The independent auditors have direct access to the Audit Committee, with or without the presence of management representatives, to discuss the scope and the results of their audit work.

The independent auditors provide an objective assessment of the degree to which management meets its responsibility for fairness of financial reporting. They evaluate the system of internal accounting controls in connection with their audit and perform such tests and procedures as they deem necessary to reach and express an opinion on the fairness of the financial statements.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Consolidated financial statements of the Company at June 30, 2001 and 2000 and for each of the three years in the period ended June 30, 2001 and the notes thereto, and the report of independent accountants thereon are set forth on pages 13 to 24.

Selected unaudited quarterly financial data is as follows:

	Quarter			
2001	First	Second	Third	Fourth
Net sales	$ 9,879,638	$10,348,476	$ 8,195,114	$10,186,107
Gross profit	3,952,247	4,078,142	3,416,187	4,125,632
Net income	1,383,991	1,374,951	1,235,702	1,692,877
Earnings per common share:				
Basic (1)	$ .62	$ .64	$ .59	$ .86
Diluted (1)	.59	.61	.56	.81

	Quarter			
2000	First	Second	Third	Fourth
Net sales	$ 8,505,393	$ 8,700,959	$ 8,449,773	$ 9,745,408
Gross profit	3,479,976	3,296,049	3,540,816	3,241,175
Net income	1,183,617	1,139,209	1,102,648	1,527,987
Earnings per common share:				
Basic (1)	$ .44	$ .43	$ .45	$ .64
Diluted (1)	.43	.42	.44	.62

(1) Due to the use of weighted average shares outstanding each quarter for computing net income per share, the sum of the quarterly per share amounts does not equal the per share amount for the year.

Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

None.

PART III

Item 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

Information relating to the directors of Koss Corporation is incorporated herein by reference from the "ELECTION OF DIRECTORS -- Information As To Nominees" and the "ELECTION OF DIRECTORS -- Executive Officers" contained in the Koss Corporation Proxy Statement for its 2001 Annual Meeting of Stockholders (the "2001 Proxy Statement"), which 2001 Proxy Statement is to be filed within 120 days of the end of the fiscal year covered by this Report pursuant to General Instruction G(3) of Form 10-K.

Item 11. EXECUTIVE COMPENSATION.

Information relating to executive compensation is incorporated herein by reference from the "ELECTION OF DIRECTORS -- Executive Compensation And Related Matters" section of the 2001 Proxy Statement.

Item 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

Information relating to the security ownership of certain beneficial owners and management is incorporated herein by reference from the "ELECTION OF DIRECTORS - -- Beneficial Ownership Of Company Securities" section of the 2001 Proxy Statement.

Item 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Information relating to related transactions is incorporated herein by reference from the "ELECTION OF DIRECTORS -- Executive Compensation And Related Matters" and "ELECTION OF DIRECTORS -- Related Transactions" sections of the 2001 Proxy Statement.

PART IV

Item 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

a. The following documents are filed as part of this report:

1. Financial Statements
   The following consolidated financial statements of Koss Corporation are set forth on pages 13 to 24:

Report of Independent Accountants.....13
Consolidated Statements of Income for the Years Ended June 30, 2001, 2000, and 1999.....14
Consolidated Balance Sheets as of June 30, 2001 and 2000.....15
Consolidated Statements of Cash Flows for the Years Ended June 30, 2001, 2000, and 1999.....16
Consolidated Statements of Stockholders' Investment for the Years Ended June 30, 2001, 2000, and 1999.....17
Notes to Consolidated Financial Statements.....18

2. Financial Statement Schedules
   All schedules have been omitted because the information is not applicable or is not material or because the information required is included in the financial statements or the notes thereto.

3. Exhibits Filed

3.1	Certificate of Incorporation of Koss Corporation.
3.2	By-Laws of Koss Corporation.
4.1	Certificate of Incorporation of Koss Corporation.
4.2	By-Laws of Koss Corporation.
10.1	Officer Loan Policy.
10.3	Supplemental Medical Care Reimbursement Plan.
10.4	Death Benefit Agreement with John C. Koss.
10.5	Stock Repurchase Agreement with John C. Koss.
10.6	Salary Continuation Resolution for John C. Koss.
10.7	1983 Incentive Stock Option Plan.
10.8	Assignment of Lease to John C. Koss.
10.9	Addendum to Lease.
10.10	1990 Flexible Incentive Plan.
10.12	Loan Agreement, effective as of February 17, 1995.
10.13	Amendment to Loan Agreement dated June 15, 1995, effective as of February 17, 1995.
10.14	Amendment to Loan Agreement dated April 29, 1999.
10.15	Amendment to Loan Agreement dated December 15, 1999.
10.16	License Agreement dated November 15, 1991 between Koss Corporation and Trabelco N.V. (a subsidiary of Hagemeyer N.V.) for North America, Central America and South America (including Amendment to License Agreement dated November 15, 1991; Renewal Letter dated November 18, 1994; and Second Amendment to License Agreement dated September 29, 1995).
10.17	License Agreement dated September 29, 1995 between Koss Corporation and Trabelco N.V. (a subsidiary of Hagemeyer N.V.) for Europe (including First Amendment to License Agreement dated December 26, 1995).
10.18	Third Amendment and Assignment of License Agreement to Jiangsu Electronics Industries Limited dated March 31, 1997.

10.19 Fourth Amendment to License Agreement dated as of May 29, 1998.

10.20 Fifth Amendment to License Agreement dated March 30, 2001.

10.21 Sixth Amendment to License Agreement dated August 15, 2001.

10.22 License Agreement dated June 30, 1998 between Koss Corporation and Logitech Electronics Inc. (including Addendum to License Agreement dated June 30, 1998).

10.23 Consent of Directors (Supplemental Executive Retirement Plan for Michael J. Koss dated March 7, 1997).

10.24 Amendment to Lease.

10.25 Partial Assignment, Termination and Modification of Lease.

10.26 Restated Lease.

22 List of Subsidiaries of Koss Corporation.

b. No reports on Form 8-K were filed by the Company during the last quarter of the period covered by this report; however, the Company filed a report on Form 8-K on July 27, 2001 announcing the Company's intent to begin paying quarterly dividends beginning with the quarter ending September 30, 2001.

REPORT OF INDEPENDENT ACCOUNTANTS

TO THE BOARD OF DIRECTORS AND STOCKHOLDERS OF KOSS CORPORATION

In our opinion, the consolidated financial statements listed in the index appearing under Item 14(a)(1) on page 10 present fairly, in all material respects, the financial position of Koss Corporation and its subsidiaries at June 30, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2001, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

PricewaterhouseCoopers LLP
Milwaukee, Wisconsin
July 10, 2001, except for Note 12 for
which the date is July 25, 2001

CONSOLIDATED STATEMENTS OF INCOME

Year Ended June 30,	2001	2000	1999
Net sales	$38,609,335	$35,401,533	$33,776,039
Cost of goods sold	23,037,127	21,843,517	20,920,145
Gross profit	15,572,208	13,558,016	12,855,894
Selling, general, and administrative expense	7,446,119	6,947,013	7,225,340
Income from operations	8,126,089	6,611,003	5,630,554
Other income (expense)			
Royalty income	1,010,026	1,283,563	1,403,194
Interest income	85,423	102,139	33,373
Interest expense	(15,465)	(24,244)	(67,932)
Income before income taxes	9,206,073	7,972,461	6,999,189
Provision for income taxes (note 5)	3,518,552	3,019,000	2,681,000
Net income	$ 5,687,521	$ 4,953,461	$ 4,318,189
Earnings per common share:			
Basic	$2.70	$1.95	$1.41
Diluted	$2.56	$1.90	$1.39
Dividends per common share	None	None	None

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEETS

As of June 30,	2001	2000
ASSETS		
Current Assets:		
Cash	$ 181,678	$ 3,164,401
Accounts receivable, less allowances of $301,252 and $252,194, respectively (note 11)	8,247,045	8,228,185
Inventories	8,496,010	9,414,036
Prepaid expenses	593,961	562,028
Income taxes receivable	480,322	244,755
Deferred income taxes (note 5)	340,973	638,973
Total current assets	18,339,989	22,252,378
Equipment and Leasehold Improvements, at cost:		
Leasehold improvements	1,031,574	852,096
Machinery, equipment, furniture, and fixtures	5,012,089	4,910,652
Tools, dies, molds, and patterns	9,062,776	8,689,732
	15,106,439	14,452,480
Less--accumulated depreciation	13,415,811	12,888,178
	1,690,628	1,564,302
Deferred Income Taxes (note 5)	557,135	488,135
Other Assets	908,576	739,492
	$ 21,496,328	$ 25,044,307
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
Current Liabilities:		
Accounts payable	$ 2,062,476	$ 570,567
Accrued liabilities (note 6)	1,551,679	1,007,443
Total current liabilities	3,614,155	1,578,010
Contingently Redeemable Equity Interest (note 4)	1,490,000	1,490,000
Deferred Compensation	1,015,390	1,045,310
Other Liabilities	437,354	437,354
Commitments and Contingencies (note 10)		
Stockholders' Investment (note 4):		
Common stock, $.01 par value, authorized 8,500,000 shares; issued and outstanding 1,943,378 and 2,349,369 shares, respectively	19,434	23,494
Contingently redeemable common stock	(1,490,000)	(1,490,000)
Undistributed retained earnings	16,409,995	21,960,139
Total stockholders' investment	14,939,429	20,493,633
	$ 21,496,328	$ 25,044,307

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended June 30,	2001	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$5,687,521	$4,953,461	$4,318,189
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	600,819	663,422	638,897
Deferred income taxes	229,000	(294,027)	87,000
Deferred compensation	115,080	115,080	115,080
Other	(61,001)	71,322	--
Net changes in operating assets and liabilities (note 7)	2,352,434	2,545,344	4,893,225
Net cash provided by operating activities	8,923,853	8,054,602	10,052,391
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of equipment and leasehold improvements	(814,851)	(349,620)	(421,251)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments under line of credit agreement	--	--	(9,443,000)
Borrowings under line of credit agreement	--	--	6,697,000
Exercise of stock options	535,798	774,262	214,365
Purchase and retirement of treasury stock	(11,627,523)	(6,486,347)	(5,942,779)
Net cash used in financing activities	(11,091,725)	(5,712,085)	(8,474,414)
Net (decrease) increase in cash	(2,982,723)	1,992,897	1,156,726
Cash at beginning of year	3,164,401	1,171,504	14,778
Cash at end of year	$ 181,678	$3,164,401	$1,171,504

The accompanying notes are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT

	Common Stock		Undistributed Retained Earnings	Accumulated Other Comprehensive Loss
	Shares	Amount		
Balance, June 30, 1998	3,177,269	$ 31,773	$ 24,120,709	$ (71,322)
Net income	--	--	4,318,189	--
Purchase and retirement of treasury stock	(488,650)	(4,887)	(5,937,892)	--
Exercise of stock options	22,500	225	214,140	--
Balance, June 30, 1999	2,711,119	27,111	22,715,146	(71,322)
Net income	--	--	4,953,461	--
Purchase and retirement of treasury stock	(435,500)	(4,355)	(6,481,992)	--
Exercise of stock options	73,750	738	773,524	--
Foreign currency translation adjustment	--	--	--	71,322
Balance, June 30, 2000	2,349,369	23,494	21,960,139	--
Net income	--	--	5,687,521	--
Purchase and retirement of treasury stock	(462,241)	(4,622)	(11,622,901)	--
Exercise of stock options	56,250	562	385,236	--
Balance, June 30, 2001	1,943,378	$ 19,434	$ 16,409,995	$ --

The accompanying notes are an integral part of these consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

CONCENTRATION OF CREDIT RISK--The Company operates in the audio/video industry segment of the home entertainment industry through its design, manufacture, and sale of stereo headphones and related accessory products. The Company's products are sold through audio specialty stores, catalog showrooms, regional department store chains, military exchanges and national retailers under the "Koss" name and dual label. The Company has more than 1,600 domestic dealers and its products are carried in approximately 18,000 domestic retail outlets. International markets are served by domestic sales representatives and a sales office in Switzerland, which utilizes independent distributors in several foreign countries. The Company grants credit to its domestic and Canadian customers. Collection is dependent on the retailing industry economy. International customers outside of Canada are sold on a cash against documents or letter of credit basis. Approximately 14% and 9% of the Company's accounts receivable at June 30, 2001 and 2000, respectively, were foreign receivables.

BASIS OF CONSOLIDATION--The consolidated financial statements include the accounts of the Company and its subsidiaries, all of which are wholly-owned. All significant intercompany accounts and transactions have been eliminated.

REVENUE RECOGNITION--Revenue is recognized by the Company when all of the following criteria are met: persuasive evidence of an arrangement exists; delivery has occurred; the seller's price to the buyer is fixed or determinable; and collectibility is reasonably assured. These criteria are satisfied, and accordingly, revenue is recognized upon shipment by the Company.

ROYALTY INCOME--The Company recognizes royalty income when earned under terms of license agreements, which expire in 2002 and 2008. These agreements require minimum annual royalty payments.

INVENTORIES--Substantially all of the Company's inventories were valued at the lower of last-in, first-out (LIFO) cost or market. If the first-in, first-out (FIFO) method of inventory accounting had been used by the Company for inventories valued at LIFO, inventories would have been $981,018 and $1,076,111 higher than reported at June 30, 2001 and 2000, respectively.

The components of inventories at June 30 are as follows:

	2001	2000
Raw materials and work in process	$ 2,516,999	$ 3,903,626
Finished goods	5,979,011	5,510,410
	$ 8,496,010	$ 9,414,036

During 2001 and 2000, the Company liquidated certain LIFO layers, the effect of which did not have a significant impact on operating income.

PROPERTY AND EQUIPMENT--Depreciation is provided on a straight-line basis over the estimated useful life of the asset as follows:

Leasehold Improvements	10-15 years
Machinery, Equipment, Furniture, and Fixtures	3-10 years
Tools, Dies, Molds, and Patterns	4-5 years

RESEARCH AND DEVELOPMENT--Research and development expenditures charged to operations amounted to approximately $89,000 in 2001, $227,000 in 2000, and $243,000 in 1999.

USE OF ESTIMATES--The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

SHIPPING AND HANDLING FEES AND COSTS--During the fourth quarter of fiscal year 2001, the Company adopted the provisions of the Emerging Issues Task Force ("EITF") Issue No. 00-10 "Accounting for Shipping and Handling Fees and Costs." In accordance with the provisions of EITF No. 00-10, certain shipping and handling fees and costs which the Company had previously recorded on a net basis as a component of net sales are reflected in cost of goods sold, as appropriate.

ACCOUNTING PRONOUNCEMENTS--In July 2001, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (FAS) No. 141, "Business Combinations" and No. 142, "Goodwill and Other Intangible Assets." The statements eliminate the pooling-of-interests method of accounting for business combinations and require that goodwill and certain intangible assets not be amortized. Instead, these assets will be reviewed for impairment annually with any related losses recognized in earnings when incurred. The statements will be effective for the Company as of July 1, 2002 for existing goodwill and intangible assets and for business combinations initiated after June 30, 2001. The adoption of these statements is not expected to have a material effect on the Company's financial position or results of operations.

In April 2001, the EITF reached a consensus on EITF Issue No. 00-25, "Accounting for Consideration from a Vendor to a Retailer in Connection with the Purchase or Promotion of the Vendor's Products." This issue requires that consideration from a vendor to a retailer (a) in connection with the retailer's purchase of the vendor's products or (b) to promote sales of the vendor's products by the retailer be classified as a reduction of net sales unless the consideration meets certain criteria. EITF No. 00-25 is effective for the Company's fiscal quarters beginning after December 15, 2001 and requires reclassification of prior periods. The Company is currently evaluating the impact of implementing EITF No. 00-25.

RECLASSIFICATIONS--Certain amounts in the prior year financial statements have been reclassified to conform to current year presentation.

2. EARNINGS PER COMMON AND COMMON EQUIVALENT SHARE

Basic earnings per share are computed based on the weighted average number of common shares outstanding. The weighted average number of common shares outstanding for the fiscal years ended June 30, 2001, 2000, and 1999, were 2,104,041, 2,542,768, and 3,072,500, respectively. When dilutive, stock options are included in earnings per share as share equivalents using the treasury stock method. Common stock equivalents of 121,200, 59,716, and 39,327 related to stock option grants were included in the computation of the average number of shares outstanding for diluted earnings per share for the fiscal years ended June 30, 2001, 2000, and 1999, respectively.

3. LONG-TERM DEBT

The Company amended its existing credit facility in December 1999, extending the maturity date of the unsecured line of credit to November 1, 2001. This credit facility provides for borrowings up to a maximum of $10,000,000. The Company can use this credit facility for working capital purposes or for the purchase of its own common stock pursuant to the Company's stock repurchase program. Borrowings under this credit facility bear interest at the bank's prime rate, or LIBOR plus 1.75%. This credit facility includes certain financial covenants that require the Company to maintain a minimum tangible net worth and specified current, interest coverage, and leverage ratios. There was no utilization of this credit facility at June 30, 2001 and 2000.

4. STOCK OPTIONS AND STOCK PURCHASE AGREEMENTS

In 1990, pursuant to the recommendation of the Board of Directors, the stockholders ratified the creation of the Company's 1990 Flexible Incentive Plan (the "1990 Plan"). The 1990 Plan is administered by a committee of the Board of Directors and provides for the granting of various stock-based awards including stock options to eligible participants, primarily officers and certain key employees. A total of 225,000 shares of common stock were available in the first year of the Plan's existence. Each year thereafter additional shares equal to .25% of the shares outstanding as of the first day of the applicable fiscal year were reserved for issuance pursuant to the 1990 Plan. On July 22, 1992, the Board of Directors authorized the reservation of an additional 250,000 shares for the 1990 Plan, which was approved by the stockholders. In 1993, the Board of Directors authorized the reservation of an additional 300,000 shares for the 1990 Plan, which was approved by the stockholders. In 1997, the Board of Directors authorized the reservation of an additional 300,000 shares for the 1990 Plan, which was approved by the stockholders.

The following table identifies options granted, exercised, cancelled, or available for exercise pursuant to the above mentioned Plan:

	Number of Shares	Range of Exercise Prices per Share	Weighted Average Exercise Price
Shares under option at July 1, 1998	190,000	$5.32-$11.91	$9.02
Granted	110,000	$10.00-$11.83	$11.42
Exercised	(22,500)	$5.32-$10.83	$8.36
Cancelled	(8,750)	$5.32-$10.83	$9.86
Shares under option at June 30, 1999	268,750	$5.32-$11.91	$10.03
Granted	60,000	$13.45-$14.80	$14.24
Exercised	(73,750)	$5.32-$10.83	$7.85
Cancelled	(7,500)	$10.00	$10.00
Shares under option at June 30, 2000	247,500	$5.32-$14.80	$11.70
Granted	80,000	$33.51-$36.86	$35.60
Exercised	(56,250)	$5.32-$13.45	$9.45
Shares under option at June 30, 2001	271,250	$10.20-$36.86	$19.22
Options exercisable at June 30, 2001	83,750	$10.20-$14.80	$12.00

The weighted average fair value at date of grant for options whose exercise price exceeded the market price of the stock on the grant date during 2001, 2000 and 1999 was $10.61, $6.66 and $4.82, respectively. The weighted average fair value at date of grant for options whose exercise price was less than the market price of the stock on the grant date during 2001, 2000 and 1999 was $15.80, $9.28 and $7.07, respectively. The weighted average remaining contractual life of these options approximates 5 years.

The Company currently accounts for its stock-based compensation plans using the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). In 1995, the FASB issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123). Under the provisions of FAS 123, companies can elect to account for stock-based compensation plans using a fair-value-based method or continue measuring compensation expense for those plans using the intrinsic value method prescribed in APB 25. FAS 123 requires that companies electing to continue using the intrinsic value method must make pro forma disclosures of net income and earnings per share as if the fair-value-based method of accounting had been applied. The Company has adopted the disclosure-only provisions of FAS 123; accordingly, no compensation cost has been recognized for options granted under the stock-based compensation plan. Had compensation cost been determined based on the fair value at the grant date for awards in 2001, 2000, and 1999 consistent with the provisions of FAS 123, the Company's pro forma net income and earnings per share would have been as presented below:

	2001	2000	1999
Net income - as reported	$5,687,521	$4,953,461	$4,318,189
Net income - pro forma	5,238,951	4,602,345	4,073,710
Earnings per common share - as reported			
Basic	$2.70	$1.95	$1.41
Diluted	2.56	1.90	1.39
Earnings per common share - pro forma			
Basic	$2.49	$1.81	$1.33
Diluted	2.35	1.77	1.31

The fair value of each option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	2001	2000	1999
Expected stock price volatility	50.41%	56.09%	60.00%
Risk free interest rate	4.97%	6.54%	5.17%
Expected life of options	5.13 years	5.25 years	4.95 years

The Company has an agreement with its Chairman to repurchase common stock from his estate in the event of his death. The repurchase price is 95% of the fair market value of the common stock on the date that notice to repurchase is provided to the Company. The total number of shares to be repurchased shall be sufficient to provide proceeds which are the lesser of $2,500,000 or the amount of estate taxes and administrative expenses incurred by his estate. The Company is obligated to pay in cash 25% of the total amount due and to execute a promissory note at a prime rate of interest for the balance. The Company maintains a $1,150,000 life insurance policy to fund a substantial portion of this obligation.

5. INCOME TAXES

The Company follows Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," which requires use of the liability method of accounting for income taxes. The liability method measures the expected tax impact of future taxable income and deductions implicit in the consolidated balance sheet.

The provision for income taxes in 2001, 2000, and 1999 consists of the following:

Year Ended June 30,	2001	2000	1999
Current:			
Federal	$2,716,552	$2,788,027	$2,200,000
State	573,000	525,000	394,000
Deferred	229,000	(294,027)	87,000
	$3,518,552	$3,019,000	$2,681,000

The 2001, 2000, and 1999 tax provision results in an effective rate different than the federal statutory rate due to the following:

Year Ended June 30,	2001	2000	1999
Federal income tax at statutory rate	$3,130,000	$2,711,000	$2,380,000
State income taxes, net of federal tax benefit	378,000	346,000	260,000
Other	10,552	(38,000)	41,000
Total provision for income taxes	$3,518,552	$3,019,000	$2,681,000

Temporary differences which give rise to deferred tax assets and liabilities at June 30 include:

	2001	2000
Deferred Tax Assets		
Deferred compensation	$385,000	$ 400,000
Accrued expenses and reserves	357,000	612,000
Package design and trademarks	193,000	190,000
Other	9,000	9,000
	944,000	1,211,000
Deferred Tax Liabilities		
Royalties receivable/deferred	(11,000)	(56,000)
Equipment and leasehold improvements	(35,000)	(28,000)
Net deferred tax asset	$898,000	$1,127,000

The net deferred tax asset at June 30, 2001 is comprised of a current asset of $340,973 and a long term asset of $557,135. The net deferred tax asset at June 30, 2000 is comprised of a current asset of $638,973 and a long term asset of $488,135.

6. ACCRUED LIABILITIES

Accrued liabilities at June 30 consist of the following:

	2001	2000
Salaries and wages	$ 584,435	$ 325,302
Cooperative advertising and promotion allowances	463,314	305,126
Payroll taxes and employee benefits	186,738	180,216
Other	317,192	196,799
	$1,551,679	$1,007,443

7. ADDITIONAL CASH FLOW INFORMATION

The net changes in cash as a result of changes in operating assets and liabilities consist of the following:

	2001	2000	1999
Accounts receivable	$ (18,860)	$ (820,646)	$ 980,300
Inventories	918,026	3,541,082	6,530,940
Prepaid expenses	(31,933)	(48,128)	34,992
Income taxes	(235,567)	21,574	(943,856)
Other assets	(170,377)	(43,371)	(120,750)
Accounts payable	1,491,909	(221,218)	(1,165,092)
Accrued liabilities	399,236	116,051	(423,309)
Net change	$2,352,434	$2,545,344	$ 4,893,225

	2001	2000	1999
Net cash paid during the year for:			
Interest	$15,465	$24,244	$93,135
Income taxes	$3,675,119	$3,291,453	$3,563,054

8. EMPLOYEE BENEFIT PLANS

Substantially all domestic employees are participants in the Company's Employee Stock Ownership Plan and Trust under which an annual contribution in either cash or common stock may be made at the discretion of the Board of Directors. The expense recorded for such contributions approximated $94,000 in 2001, $0 in 2000, and $200,000 in 1999.

The Company maintains a retirement savings plan under Section 401(k) of the Internal Revenue Code. This plan covers all employees of the Company who have completed six months of service. Matching contributions can be made at the discretion of the Board of Directors. For calendar years 2001, 2000, and 1999, the matching contribution was 100% of employee contributions to the plan, not to exceed 10% of the employee's annual compensation. Vesting of Company contributions occurs immediately. Contributions for the years ended June 30, 2001, 2000, and 1999 were $180,000, $180,000, and $182,155, respectively.

9. INDUSTRY SEGMENT INFORMATION, FOREIGN OPERATIONS AND SIGNIFICANT CUSTOMERS

The Company has one line of business--the design, manufacture, and sale of stereophones and related accessories.

The Company's export sales amounted to $3,575,021 during 2001, $3,129,872 during 2000, and $2,845,529 during 1999.

Sales to one customer, Tandy Corporation, were approximately 18% of total sales for the year ended June 30, 2001, and 16% and 17% for the years ended June 30, 2000, and 1999, respectively.

10. COMMITMENTS AND CONTINGENCIES

The Company leases its main plant and offices in Milwaukee, Wisconsin from its Chairman. On June 25, 1993, the lease was renewed for a period of ten years, and is being accounted for as an operating lease. The lease extension increases the rent from $280,000 per year to a fixed rate of $350,000 per year for three years and $380,000 for the seven years thereafter. The lease is on terms no less favorable to the Company than those that could be obtained from an independent party. The Company is responsible for all property maintenance, insurance, taxes, and other normal expenses related to ownership. Rent expense, which includes this lease, approximated $424,000 in 2001, $454,000 in 2000, and $428,000 in 1999.

11. SUPPLEMENTARY INFORMATION

Changes in the allowance for doubtful accounts for the years ended June 30, 2001, 2000, and 1999 are summarized as follows:

Year Ending	Balance at Beginning of Period	Charges Against/ (Credits To) Income	Deductions*	Balance at End of Period
2001	$252,194	$ 52,238	$ 3,180	$301,252
2000	$447,644	($ 37,178)	$158,272	$252,194
1999	$556,290	$254,000	$362,646	$447,644

*Represents charges against the allowance, net of recoveries.

The amounts included for advertising in selling, general, and administrative expenses in the accompanying statements of income were $207,776 in 2001, $235,257 in 2000, and $331,890 in 1999. Such costs are expensed as incurred.

12. SUBSEQUENT EVENT

On July 25, 2001, the Company declared a quarterly cash dividend of $0.25 per share for stockholders of record on September 30, 2001 to be paid October 15, 2001.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains forward-looking statements within the meaning of that term in the Private Securities Litigation Reform Act of 1995(the "Act") (Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934). Additional written or oral forward-looking statements may be made by the Company from time to time in filings with the Securities Exchange Commission, press releases, or otherwise. Statements contained in this Form 10-K that are not historical facts are forward-looking statements made pursuant to the safe harbor provisions of the Act. Forward-looking statements may include, but are not limited to, projections of revenue, income or loss and capital expenditures, statements regarding future operations, anticipated financing needs, compliance with financial covenants in loan agreements, plans for acquisitions or sales of assets or businesses, plans relating to products or services of the Company, assessments of materiality, predictions of future events, the effects of pending and possible litigation, and assumptions relating to the foregoing. In addition, when used in this Form 10-K, the words "anticipates," "believes," or "estimates," "expects," "intends," "plans" and variations thereof and similar expressions are intended to identify forward-looking statements.

Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified based on current expectations. Consequently, future events and actual results could differ materially from those set forth in, contemplated by, or underlying the forward-looking statements contained in this Form 10-K, or in other Company filings, press releases, or otherwise. In addition to the factors discussed in this Form 10-K, other factors that could contribute to or cause such differences include, but are not limited to, developments in any one or more of the following areas: future fluctuations in economic conditions, the receptivity of consumers to new consumer electronics technologies, the rate and consumer acceptance of new product introductions, competition, pricing, the number and nature of customers and their product orders, production by third party vendors, foreign manufacturing, sourcing and sales (including foreign government regulation, trade and importation concerns), borrowing costs, changes in tax rates, pending or threatened litigation and investigations, and other risk factors which may be detailed from time to time in the Company's Securities and Exchange Commission filings.

Readers are cautioned not to place undue reliance on any forward-looking statements contained herein, which speak only as of the date hereof. The Company undertakes no obligation to publicly release the result of any revisions to these forward-looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unexpected events.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

KOSS CORPORATION

By: /s/ Michael J. Koss — Dated: 8/15/01

Michael J. Koss,
Vice Chairman
President
Chief Executive Officer
Chief Operating Officer and
Chief Financial Officer

By: /s/ Sujata Sachdeva — Dated: 8/15/01

Sujata Sachdeva,
Vice President - Finance
Principal Accounting Officer

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

/s/ John C. Koss
John C. Koss, Director
Dated: 8/15/01

/s/ Michael J. Koss
Michael J. Koss, Director
Dated: 8/15/01

/s/ Martin F. Stein
Martin F. Stein, Director
Dated: 8/16/01

/s/ Victor L. Hunter
Victor L. Hunter, Director
Dated: 8/15/01

/s/ John J. Stollenwerk
John J. Stollenwerk, Director
Dated: 8/15/01

Lawrence S. Mattson, Director
Dated:

/s/ Thomas L. Doerr
Thomas L. Doerr, Director
Dated: 8/16/01

The signatures of the above directors constitute a majority of the Board of Directors of Koss Corporation.

OFFICERS AND SENIOR MANAGEMENT

John C. Koss
Chairman of the Board

Michael J. Koss
Vice Chairman
President
Chief Executive Officer
Chief Operating Officer
Chief Financial Officer

John C. Koss, Jr.
Vice President-Sales

Sujata Sachdeva
Vice President-Finance

Jill McCurdy
Vice President-Product Development

Lenore Lillie
Vice President-Operations

Cheryl Mike
Vice President-Human Resources/Customer Relations

Declan Hanley
Vice President-International Sales

DIRECTORS

John C. Koss
Chairman of the Board
Koss Corporation

Thomas L. Doerr
President
Doerr Corporation

Victor L. Hunter
President
Hunter Business Group, LLC

Michael J. Koss
Vice Chairman, President,
C.E.O., C.O.O., C.F.O.
Koss Corporation

Lawrence S. Mattson
Retired President
Oster Company

Martin F. Stein
Chairman
Eyecare One Inc.

John J. Stollenwerk
President
Allen-Edmonds Shoe Corporation

ANNUAL MEETING

October 18, 2001
Performance Center
Koss Corporation
4129 N. Port Washington Avenue
Milwaukee, WI 53212

TRANSFER AGENT

Questions regarding change of address, stock transfer, lost certificate, or information on a particular account should be directed in writing to:

Firstar Trust Company
Box 2077
Milwaukee, WI 53201
Attn: Philip Meyer

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP
Milwaukee, Wisconsin

LEGAL COUNSEL

Richard W. Silverthorn
General Counsel
Whyte Hirschboeck Dudek S.C.

EXHIBIT INDEX

The Company will furnish a copy of any exhibit described below upon request and upon reimbursement to the Company of its reasonable expenses of furnishing such exhibit, which shall be limited to a photocopying charge of $0.25 per page and, if mailed to the requesting party, the cost of first-class postage.

Designation of Exhibit	Exhibit Title	Incorporation by Reference
3.1	Certificate of Incorporation of Koss Corporation, as in effect on September 25, 1996	(1)
3.2	By-Laws of Koss Corporation, as in effect on September 25, 1996..	(2)
4.1	Certificate of Incorporation of Koss Corporation, as in effect on September 25, 1996	(1)
4.2	By-Laws of Koss Corporation, as in effect on September 25, 1996	(2)
10.1	Officer Loan Policy	(3)
10.3	Supplemental Medical Care Reimbursement Plan	(4)
10.4	Death Benefit Agreement with John C. Koss	(5)
10.5	Stock Purchase Agreement with John C. Koss	(6)
10.6	Salary Continuation Resolution for John C . Koss	(7)
10.7	1983 Incentive Stock Option Plan	(8)
10.8	Assignment of Lease to John C. Koss	(9)
10.9	Addendum to Lease	(10)
10.10	1990 Flexible Incentive Plan	(11)
10.12	Loan Agreement, effective as of February 17, 1995	(12)
10.13	Amendment to Loan Agreement dated June 15, 1995, effective as of February 17, 1995	(13)
10.14	Amendment to Loan Agreement dated April 29, 1999	(14)
10.15	Amendment to Loan Agreement dated December 15, 1999	(15)

10.16	License Agreement dated November 15, 1991 between Koss Corporation and Trabelco N.V. (a subsidiary of Hagemeyer N.V.) for North America, Central America and South America (including Amendment to License Agreement dated November 15, 1991; Renewal Letter dated November 18, 1994; and Second Amendment to License Agreement dated September 29, 1995)	(16)
10.17	License Agreement dated September 29, 1995 between Koss Corporation and Trabelco N.V. (a subsidiary of Hagemeyer N.V.) for Europe (including First Amendment to License Agreement dated December 26, 1995)	(17)
10.18	Third Amendment and Assignment of License Agreement to Jiangsu Electronics Industries Limited dated as of March 31, 1997	(18)
10.19	Fourth Amendment to License Agreement dated as of May 29, 1998	(19)
10.20	Fifth Amendment to License Agreement dated March 30, 2001	(20)
10.21	Sixth Amendment to License Agreement dated August 15, 2001	(21)
10.22	License Agreement dated June 30, 1998 between Koss Corporation and Logitech Electronics Inc. (including Addendum to License Agreement dated June 30, 1998)	(22)
10.23	Consent of Directors (Supplemental Executive Retirement Plan for Michael J. Koss dated March 7, 1997)	(23)
10.24	Amendment to Lease	(24)
10.25	Partial Assignment, Termination and Modification of Lease	(25)
10.26	Restated Lease	(26)
22	List of Subsidiaries of Koss Corporation	(27)

(1) Incorporated by reference from Exhibit 3.1 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)

(2) Incorporated by reference from Exhibit 3.2 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)

(3) Incorporated by reference from Exhibit 10.1 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)

(4) Incorporated by reference from Exhibit 10.3 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)

(5) Incorporated by reference from Exhibit 10.4 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)

(6) Incorporated by reference from Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)

(7) Incorporated by reference from Exhibit 10.6 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)

(8) Incorporated by reference from Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)

(9) Incorporated by reference from Exhibit 10.7 to the Company's Annual Report on Form 10-K for the year ended June 30, 1988 (Commission File No. 0-3295)

(10) Incorporated by reference from Exhibit 10.8 to the Company's Annual Report on Form 10-K for the year ended June 30, 1988 (Commission File No. 0-3295)

(11) Incorporated by reference from Exhibit 25 to the Company's Annual Report on Form 10-K for the year ended June 30, 1990 (Commission File No. 0-3295)

(12) Incorporated by reference from Exhibit 10 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995 (Commission File No. 0-3295)

(13) Incorporated by reference from Exhibit 10.13 to the Company's Annual Report on Form 10-K for the year ended June 30, 1995 (Commission File No. 0-3295)

(14) Incorporated by reference from Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended June 30, 1999 (Commission File No. 0-3295

(15) Incorporated by reference from Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended June 30, 2000 (Commission File No. 0-3295)

(16) Incorporated by reference from Exhibit 10.14 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)

(17) Incorporated by reference from Exhibit 10.15 to the Company's Annual Report on Form 10-K for the year ended June 30, 1996 (Commission File No. 0-3295)

(18) Incorporated by reference from Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997 (Commission File No. 0-3295)

(19) Incorporated by reference from Exhibit 10.17 to the Company's Annual Report on Form 10-K for the year ended June 30, 1998 (Commission File No. 0-3295)

(20) Incorporated by reference from the sole Exhibit to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001 (Commission File No. 0-3295)

(21) Filed herewith

(22) Incorporated by reference from Exhibit 10.18 to the Company's Annual Report on Form 10-K for the year ended June 30, 1998 (Commission File No. 0-3295)

(23) Incorporated by reference from Exhibit 10.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1997 (Commission File No. 0-3295)

(24) Incorporated by reference from Exhibit 10.22 to the Company's Annual Report on Form 10-K for the year ended June 30, 2000 (Commission File No. 0-3295)

(25) Filed herewith

(26) Filed herewith

(27) Incorporated by reference from Exhibit 22 to the Company's Annual Report on Form 10-K for the year ended June 30, 1988 (Commission File No. 0-3295)

SIXTH AMENDMENT TO LICENSE AGREEMENT

THIS SIXTH AMENDMENT TO LICENSE AGREEMENT ("Sixth Amendment") is made and entered into this 15th day of August, 2001, effective as of June 30, 2001, by and between KOSS CORPORATION, a Delaware corporation ("LICENSOR"), and JIANGSU ELECTRONICS INDUSTRIES LIMITED, a British Virgin Islands company ("LICENSEE").

RECITALS

WHEREAS, LICENSOR and LICENSEE (by way of assignment) are parties to a certain License Agreement between LICENSOR and Trabelco N.V. dated November 15, 1991 ("Original License Agreement"), as amended by an Amendment to License Agreement dated November 15, 1991 ("First Amendment"), a Second Amendment to License Agreement dated September 29, 1995 ("Second Amendment"), a Third Amendment and Assignment of License Agreement dated as of March 31, 1997 ("Third Amendment"), a Fourth Amendment to License Agreement dated May 29, 1998 ("Fourth Amendment"), and a Fifth Amendment to License Agreement dated March 30, 2001 ("Fifth Amendment") (the Original License Agreement, the First Amendment, the Second Amendment, the Third Amendment, the Fourth Amendment, and the Fifth Amendment are hereinafter collectively referred to as the "License Agreement"); and

WHEREAS, the parties now desire to further amend certain terms and provisions of the License Agreement and to renew the License Agreement as hereinafter provided; and

WHEREAS, as an inducement to LICENSOR to amend the License Agreement and enter into this Sixth Amendment, Orient Power Holdings Limited, a Bermuda company, desires to reaffirm its guarantee of the obligations of LICENSEE under the License Agreement and this Sixth Amendment by executing the Consent of Guarantor in the form of Exhibit F attached hereto.

AGREEMENT

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. The parties hereto agree to renew the License Agreement for the Contract Year starting January 1, 2002 and ending December 31, 2002.

2. Section 7.3 of the License Agreement (as amended by the Third Amendment, the Fourth Amendment and the Fifth Amendment) is hereby deleted in its entirety and the following inserted in its place.

7.3 LICENSEE shall pay to LICENSOR the following Minimum Royalties for the Contract Years set forth below:

Year	Minimum Royalties
2001	$500,000
2002	$500,000

If the sum of the total Royalties paid with respect to a Contract Year does not equal or exceed the Minimum Royalties for such Contract Year, the difference between the Minimum Royalties and the Royalties for such Contract Year shall be due and payable on each January 20 following such Contract Year.

3. The parties hereto agree that this Sixth Amendment has been jointly drafted by the parties, that the language used in this Sixth Amendment reflects their mutual intent, and that no term or provision shall be construed more or less favorably to either party hereto on the grounds that it was drafted or authorized by such party.

4. Except as hereby amended, the License Agreement shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have duly executed this Sixth Amendment on the day and year first above written.

KOSS CORPORATION

By: /s/ Michael J. Koss

Print Name: Michael J. Koss
Title: President/CEO

JIANGSU ELECTRONICS INDUSTRIES LIMITED

By: /s/ Poon Ka Hung

Print Name: Poon Ka Hung
Title: Chief Executive Officer

EXHIBIT F

CONSENT OF GUARANTOR

The undersigned, Orient Power Holdings Limited, a Bermuda company ("Orient Power"), for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, hereby consents to the foregoing Sixth Amendment to License Agreement ("Sixth Amendment") and reaffirms its guarantee of the performance by Jiangsu Electronics Industries Limited ("Jiangsu Electronics") or any sublicensee of Jiangsu Electronics (Jiangsu Electronics and any sublicensee are hereinafter collectively referred to as "Jiangsu") of all of Jiangsu's obligations under (a) the Sixth Amendment and (b) that certain License Agreement between Koss Corporation, as Licensor, and Trabelco N.V., as Licensee, dated November 15, 1991, as amended by an Amendment to License Agreement dated November 15, 1991, and a Second Amendment to License Agreement dated September 29, 1995, and a Third Amendment and Assignment of License Agreement dated as of March 31, 1997 between Trabelco N.V., Jiangsu Electronics, Hagemeyer Electronics (N.A.), Inc., Hagemeyer Consumer Products, Inc. d/b/a/ Koss Electronics Products, KCP Limited and Koss Corporation, and a Fourth Amendment to License Agreement dated May 29, 1998, and a Fifth Amendment to License Agreement dated March 30, 2001 (collectively, that certain License Agreement and the amendments thereto are hereinafter collectively referred to as the "License Agreement"). Orient Power also guarantees the payment to Koss Corporation of any and all amounts owed to Koss Corporation by Jiangsu under the Sixth Amendment and the License Agreement, including but not limited to, the royalty obligations and indemnity obligations of Jiangsu thereunder.

ORIENT POWER HOLDINGS LIMITED

Dated: 08/15/01

By: /s/ Poon Ka Hung

Name: Poon Ka Hung
Title: Chief Executive Officer

EXHIBIT 10.25

PARTIAL ASSIGNMENT, TERMINATION AND MODIFICATION OF LEASE

THIS PARTIAL ASSIGNMENT, TERMINATION AND MODIFICATION OF LEASE (this "MODIFICATION") is made by and among JOHN C. KOSS, an individual resident of the State of Wisconsin ("ASSIGNOR"), KOSS CORPORATION, a Delaware corporation ("TENANT") and HOME DEPOT U.S.A., INC., a Delaware corporation ("ASSIGNEE") as of the 20th day of January, 1999.

RECITALS

A. By Building Lease dated December 31, 1985, Hi-Tran, Inc. as landlord and Tenant entered into a written lease (the "BUILDING LEASE") for certain premises commonly known as 4129 and 4189 North Port Washington Road and legally described on EXHIBIT A attached hereto (the "ORIGINAL PREMISES").

B. The Building Lease was subsequently amended by: (i) that certain Amendment to Lease dated February 28, 1986 between Junior House, Inc. (as successor to Hi-Tran, Inc. by merger) and Tenant (the "FIRST AMENDMENT"); (ii) that certain Addendum to Lease dated December ___, 1987 (the foregoing date intentionally left blank to reflect the exact reference to the date in said document) between Assignor (as successor by assignment to Junior House, Inc.) and Tenant (the "SECOND AMENDMENT"); and (iii) that certain Third Lease Amendment dated as of June 25, 1993 between Assignor and Tenant (the "THIRD AMENDMENT" which, together with the Building Lease, the First Amendment and the Second Amendment is sometimes collectively referred to herein as the "LEASE").

C. The landlord's rights under the Lease are now vested in Assignor, the current owner of the Original Premises.

D. Assignor previously granted Assignee an option to purchase a portion of the Original Premises consisting of approximately 15.211 acres, legally described on EXHIBIT B attached hereto (the "HD PARCEL") and approximately as depicted on the site plan attached hereto as EXHIBIT C (the "SITE PLAN"). The HD Parcel consists of all of Parcel 2 and a portion of Parcel 1 from Exhibit A. Following the closing of the sale transaction contemplated under said option (the "CLOSING"), the remaining portion of the Original Premises owned by Assignor shall sometimes be referred to herein as the "KOSS PARCEL". The option contemplated that certain access, parking and signage rights on and over the HD Parcel would be reserved for the benefit of the Koss Parcel.

E. In connection with Tenant's use of the Original Premises, there are two existing signs which, following the Closing, will be located on the HD Parcel approximately as shown on the Site Plan consisting of: (i) an existing billboard sign located in the northwesterly portion of the HD Parcel (the "KOSS BILLBOARD SIGN"); and (ii) an existing monument sign located in the southwest corner of the HD Parcel (the "KOSS SOUTH SIGN" which, together with the Koss Billboard Sign is collectively referred to herein as the "KOSS SIGNS"). In connection with the Closing, Assignee has agreed to permit Tenant to continue to maintain the Koss Signs in their present locations as more particularly hereinafter described.

F. In the Third Amendment, Assignor reserved the right to sell portions of Parcel 2 of Exhibit A (and to delete same from the Original Premises) provided that certain parking rights were reserved thereon for the use of Tenant and its employees and customers. In connection with the Closing, Assignor and Assignee are concurrently herewith entering into a Reciprocal Easement Agreement ("REA") to, among other things, reserve certain parking rights on the HD Parcel for the benefit of the Koss Parcel and the owner and occupant thereof from time to time.

G. In connection with the Closing and in consideration of the rights reserved for the benefit of the Koss Parcel pursuant to the REA, this Modification and the Restated Lease (as hereinafter defined), Assignor, Tenant and Assignee now desire to enter into this Modification for purposes of: (i) terminating the Lease as to all portions of the HD Parcel except for the Koss Signs and the real estate beneath the Koss Signs as shown on the Site Plan (collectively, the "KOSS SIGN PADS" which, together with the Koss Signs are sometimes collectively referred to herein as the "KOSS SIGN PREMISES"); (ii) Assignor's assignment to Assignee of its rights and obligations as landlord under the Lease with respect to the Koss Sign Premises; (iii) ratifying the terms of the Lease between Assignor and Tenant with respect to the Koss Parcel, as modified herein; and (iv) the agreement of Tenant and Assignee to certain modifications of the Lease with respect to the Koss Sign Premises as provided in the Restated Lease executed concurrently herewith. For purposes of this Modification, the term "KOSS LEASE" shall refer to the Lease, as modified herein, as between Assignor and Tenant with respect to the Koss Parcel, and the term "HD LEASE" shall refer to the Lease, as modified and partially assigned herein and in the Restated Lease, as between Assignee and Tenant with respect to the Koss Sign Premises.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor, Tenant and Assignee hereby agree as follows:

1. Assignor and Tenant agree, as between themselves and to and for the benefit of Assignee, that (i) the Lease and all of Tenant's rights thereunder are hereby terminated as to all portions of the HD Parcel except for the Koss Sign Premises, (ii) the HD Parcel (excluding the Koss Sign Premises) is hereby deleted from the Original Premises, (iii) for purposes of the Koss Lease, the use of the term "Leased Premises" shall refer only to the Koss Parcel, (iv) concurrently herewith they shall enter into an amendment to the Koss Lease (the "KOSS LEASE AMENDMENT") to, among other things, grant Tenant the benefit of certain access and parking easements established under the REA as a Permittee thereunder (as that term is defined in the REA), (v) except as modified herein and in the Koss Lease Amendment, the Koss Lease shall remain in full force and effect with respect to the Koss Parcel only, and all terms, covenants, conditions, agreements and provisions thereof are hereby ratified, confirmed and approved, and (vi) Assignee shall have no obligations or liabilities of any kind whatsoever under the Koss Lease with respect to the Koss Parcel.

2. Assignor hereby assigns to Assignee all of its right, title and interest as landlord under the Lease with respect to the Koss Sign Premises only, and acknowledges and agrees that following the Closing, Assignor shall have no further right, title or interest in and to the HD Parcel except pursuant to the REA as the Owner of the Koss Parcel (as that term is defined in the REA). Assignee hereby accepts the foregoing partial assignment, and Tenant hereby

acknowledges and consents to such partial assignment, and Assignee and Tenant hereby agree that (i) the term "Leased Premises" for purposes of the HD Lease shall refer only to the Koss Sign Premises, (ii) concurrently herewith they shall enter into that certain Restated Lease attached hereto as EXHIBIT D (the "RESTATED LEASE") for purposes of amending and restating the HD Lease as to the Koss Sign Premises, (iii) except as modified herein and in the Restated Lease, the HD Lease shall remain in full force and effect with respect to the Koss Sign Premises only, and all terms, covenants, conditions, agreements and provisions thereof are hereby ratified, confirmed and approved, and (iv) Assignee shall have no obligations or liabilities of any kind whatsoever under the HD Lease with respect to any portion of the HD Parcel, except for the Koss Sign Premises as expressly provided in the Restated Lease and the REA.

3. Each of the parties hereto represents, warrants and covenants unto the other that: (i) this Modification has been duly authorized, executed and delivered, is a valid and binding obligation of such party and is enforceable against such party in accordance with its terms; (ii) to the best of their knowledge as of the date of execution hereof, there exist no agreements, leases, licenses, certificates, documents, instruments, governing charter, operating agreement or by-laws, actions, proceedings, judgments, legal requirements or any other matter or thing to which each such party is a party to or otherwise bound by, or to which they have received notice of, that in any way would be deemed to limit, modify or otherwise adversely affect any of the terms of this Modification; and (iii) other than the Mortgagee Consent attached hereto and the parties hereto, there exist no other parties possessing any applicable right, title or interest in and to any portion of the Original Premises that is required to be a party to this Modification in order to render any of the terms hereof effective and binding as to such party or which has or may have any right to consent or approve the terms hereof.

4. In the event of any conflict between the terms of the Lease and the terms of this Modification, the terms of this Modification shall in all instances govern and control.

5. If any provision of this Modification, or portion thereof, or the application thereof to any person or circumstances, shall, to any extent be held invalid, inoperative or unenforceable, the remainder of this Modification, or the application of such provision or portion thereof to any other persons or circumstances, shall not be affected thereby; it shall not be deemed that any such invalid provision affects the consideration for this Modification; and each provision of this Modification shall be valid and enforceable to the fullest extent permitted by law.

6. This Modification shall be construed in accordance with the laws of the State of Wisconsin.

7. This Modification shall be binding upon and inure to the benefit of the successors and assigns of the parties hereto.

8. This Modification may be executed in several counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same document.

IN WITNESS WHEREOF, this Modification has been executed by the parties is made as of the date first above written.

ASSIGNOR: /s/ John C. Koss

JOHN C. KOSS

TENANT: KOSS CORPORATION

By: /s/ Michael J. Koss

Michael Koss, Chief Executive Officer

ASSIGNEE: HOME DEPOT U.S.A., INC.

By: /s/ Kathryn E. Lee

Print Name: Kathryn E. Lee
Title: Senior Corporate Counsel

EXHIBIT 10.26

RESTATED LEASE

THIS RESTATED LEASE (this "RESTATED LEASE") is made by and between KOSS CORPORATION, a Delaware corporation ("TENANT") and HOME DEPOT U.S.A., INC., a Delaware corporation ("LANDLORD") as of the 20th day of January, 1999.

RECITALS

A. By Building Lease dated December 31, 1985, Hi-Tran, Inc. as landlord and Tenant entered into a written lease (the "BUILDING LEASE") for certain premises commonly known as 4129 and 4189 North Port Washington Road and legally described on Exhibit A attached thereto as Parcels 1 and 2. The Building Lease was subsequently amended by: (i) that certain Amendment to Lease dated February 28, 1986 between Junior House, Inc. (as successor to Hi-Tran, Inc. by merger) and Tenant (the "FIRST AMENDMENT"); (ii) that certain Addendum to Lease dated December ___, 1987 (the foregoing date intentionally left blank to reflect the exact reference to the date in said document) between John C. Koss ("KOSS") (as successor by assignment to Junior House, Inc.) and Tenant (the "SECOND AMENDMENT"); and (iii) that certain Third Lease Amendment dated as of June 25, 1993 between Koss and Tenant (the "THIRD AMENDMENT" which, together with the Building Lease, the First Amendment and the Second Amendment is sometimes collectively referred to herein as the "LEASE").

B. In conjunction with the sale of a portion of the original premises demised under the Lease from Koss to Landlord, Koss, Landlord and Tenant have concurrently herewith entered into a Partial Assignment, Termination and Modification of Lease (the "ASSIGNMENT"). For purposes of this Restated Lease, all terms used herein with initial capital letters which are defined in the Assignment shall have the same meaning herein as are ascribed to such terms in the Assignment unless otherwise defined herein or the context dictates otherwise. The purpose of the Assignment was, among other things, to: (i) terminate the Lease as to all portions of the HD Parcel except for the Koss Sign Premises; and (ii) memorialize the partial assignment of Koss' rights and obligations as landlord under the Lease with respect to the Koss Sign Premises to Landlord.

C. In connection with the foregoing sale transaction, Koss and Landlord have also concurrently herewith executed a Reciprocal Easement Agreement ("REA") which, among other things, contained various rights and obligations concerning the Koss Signs. Tenant executed a consent to the REA whereby, among other things, Tenant consented to and agreed to be bound by all applicable terms, conditions and provisions of the REA, subject to the limitations contained in such consent.

D. Pursuant to the terms of the Assignment, Landlord and Tenant agreed to execute this Restated Lease with respect to the HD Lease, and now desire to enter into this Restated Lease for purposes of better describing the parties respective rights and obligations with respect to the Koss Sign Premises. For purposes of this Restated Lease, the term "this Restated Lease" shall in all instances refer to the HD Lease, as amended, supplemented and clarified by the terms of this Restated Lease.

NOW, THEREFORE, in consideration of the foregoing recitals, the mutual covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Landlord and Tenant hereby agree as follows:

1. LEASE. Landlord and Tenant mutually ratify and confirm Tenant's continued leasehold rights in and to the Koss Sign Premises (consisting of the Koss Signs and the Koss Sign Pads located on the HD Parcel legally described on EXHIBIT A attached hereto and as approximately shown on the Site Plan attached hereto as EXHIBIT B upon and subject to the terms of this Restated Lease. For purposes of this Restated Lease, (i) all references in the Lease to the terms "this Lease" or "the Lease" or "hereof" or "herein" or words of similar import referring to the Lease shall refer to this Restated Lease, (ii) all references in the Lease to the terms "Premises," or "Leased Premises," or "demised premises" or any words of similar import shall refer to the Koss Sign Premises; and (iii) all references in the Lease to the term "Landlord" shall refer to Home Depot U.S.A., Inc. or its grantees, successors or assigns, as the case may be.

2. TERM, PURPOSE AND POSSESSION.

(a) The term of this Restated Lease is hereby extended so as to expire upon the earlier to occur of (i) the cessation of Tenant's use of the Koss Parcel for electronics manufacturing and related business, or (ii) December 31, 2098, unless sooner terminated as provided in the Restated Lease. Upon the expiration or earlier termination of this Restated Lease, Tenant agrees, upon not less than fifteen (15) days' prior written notice, to sign an instrument in recordable form to be provided by Landlord releasing all of Tenant's right, title and interest in and to the HD Parcel as Landlord or its title insurer may reasonably require to insure over Tenant's leasehold rights pursuant hereto.

(b) Subject to the terms of this Restated Lease, the Koss Sign Premises may be used by Tenant for purposes of the maintenance, operation, repair and replacement (including the periodic changing of the billboard advertising signage) of the Koss Signs and for no other purpose. Landlord and Tenant acknowledge and agree that any physical changes to the structure of the Koss Signs shall be subject to the prior written consent of Landlord as more particularly set forth in Section 8 of the Building Lease; provided, however, Landlord hereby agrees that such consent shall not be unreasonably withheld or delayed. In no event may the Koss Signs be used (i) to identify any of Landlord's competitors, (ii) to advertise any product or service for or on behalf of any owner or operator of a home improvement center or hardware store (other than Landlord) or for any other item described in Section 3.01(f) of the REA (unless first approved by Landlord), or (iii) to communicate any negative or derogatory material concerning Landlord, its home improvement centers or any products or services sold by Landlord. In connection with Tenant's use of the Koss Sign Premises, Tenant agrees that it will not do, suffer or permit, or agree to do anything that would in any way interfere with or delay or increase the cost of the development or operation of the HD Parcel or Landlord's business operated thereon.

(c) Tenant acknowledges that as of the date hereof, Tenant is in possession of the entire Koss Sign Premises, and: (i) Tenant hereby accepts the Koss Sign Premises in their "AS-IS CONDITION AND AS-BUILT CONFIGURATION" subject to all easements, covenants, conditions or other matters of record; and (ii) Landlord shall not be required to install, or contribute toward the cost of any alterations, additions or improvements to the Koss Sign Premises for Tenant's occupancy during the term of this Restated Lease, except for Landlord's obligations pursuant to Sections 2.03(e) and (f) of the REA.

3. RENT. Landlord acknowledges that annual rent in the amount of Ten Dollars (10.00) per year for the entire term of this Restated Lease has been prepaid, the receipt and sufficiency of which are acknowledged by Landlord and that except as referenced in Section 4 hereof, no other consideration is due Landlord from Tenant throughout the term under this Restated Lease with respect to the use of the Koss Sign Premises without in any way otherwise limiting, modifying or affecting Tenant's obligations and liabilities under this Restated Lease.

4. MAINTENANCE AND TAXES.

(a) Tenant shall, at its sole cost and expense (i) repair and maintain (including necessary replacements) the Koss Signs (including, without limitation, the physical sign structures as well as all signfaces thereon) in good condition and repair so as to keep same in a safe, sightly and functional condition at all times in accordance with and subject to the applicable terms of Section 2.03 of the REA including, without limitation, all applicable ordinances, statutes, regulations and all other local, state, and federal laws applicable to the Koss Signs, and (ii) be responsible for all utility consumption charges in connection with the illumination of the Koss Signs, which utility line or lines are now or shall be connected to a meter or submeter which shall be billed directly to the Koss Parcel. It is the intention of the parties hereto that (1) Tenant shall perform and satisfy all of the obligations of the Owner of the Koss Parcel (as defined in the REA) with respect to the Koss Signs, and (2) Landlord shall maintain the Koss Sign Pads in accordance with and subject to the terms of Article II of the REA.

(b) Landlord shall be responsible for payment of all real estate taxes attributable to the HD Parcel (including the Koss Sign Premises) without reimbursement from Tenant, and Tenant shall not have the right to contest any real estate taxes with respect thereto notwithstanding anything to the contrary in the Lease.

5. ACCESS. In connection with the exercise of any rights available to Tenant with respect to the Koss Sign Premises or the performance of any obligations required of Tenant with respect to the Koss Sign Premises under this Restated Lease or under the REA, Tenant shall have the right to enter upon the HD Parcel as reasonably necessary to perform such obligations or exercise such rights. Any entry onto the HD Parcel shall be made subject to all of the terms of this Restated Lease and the REA including, without limitation, Tenant's covenant to perform any work expeditiously, in a good workmanlike manner and so as to not interfere with the business operation conducted on the HD Parcel and to timely pay for all such work so as to prevent any lien claims from arising on the HD Parcel. All insurance and indemnification provisions contained in the Building Lease shall apply as fully with respect to Tenant's use of the Koss Sign Premises pursuant to this Restated Lease as if they were set forth herein in their entirety.

6. DESTRUCTION. If either or both of the Koss Signs are partially or wholly damaged or destroyed by fire or other casualty or occurrence, Tenant shall have the option, to be exercised in writing to Landlord within sixty (60) days following the date of any such fire or other

casualty, to (i) repair, replace or restore the Koss Signs (or the applicable damaged sign, as the case may be), in which case this Restated Lease shall continue in full force and effect for the remainder of the unexpired term hereof, or (ii) terminate this Restated Lease by written notice to Landlord, whereupon subject to Tenant's removal of the Koss Signs if so required by Landlord, the parties shall have no further rights or obligations hereunder, except for any obligations or liabilities which have previously accrued under this Restated Lease which shall survive the termination hereof. If Tenant fails to furnish a written election within said 60-day period, Tenant shall be deemed to have elected to repair, replace or restore the Koss Signs (or the applicable damaged sign, as the case may be). Upon the expiration or earlier termination of this Restated Lease as to one or both of the Koss Signs, upon written request by Landlord, Tenant shall, at its expense, remove the applicable sign(s) from the Koss Sign Premises (and the HD Parcel) leaving the Koss Sign Premises (and adjacent areas on the HD Parcel) in a safe and sightly condition, at grade with adjacent areas on the HD Parcel and free of all sign materials and improvements, holes, piles of dirt or other materials or debris caused by such removal, repairing any damage to any portion of the HD Parcel caused thereby. If Tenant elects or is deemed to have elected to repair, replace or restore the Koss Signs pursuant to this Section 6, Tenant shall commence such repair, replacement or restoration within ninety (90) days following the date of damage or destruction (subject to reasonable extension due to force majeure) and shall diligently prosecute such repair, replacement or restoration work, as the case may be, to completion within one hundred eighty (180) days following the date of damage or destruction (subject to reasonable extension due to force majeure), failing which, in either case of failure to commence or complete in accordance herewith, this Restate Leased shall terminate with respect to the applicable sign(s) so damaged or destroyed. If, following any substantial damage or destruction, such repair, restoration or rebuilding is prohibited by applicable law, then this Restated Lease shall terminate as provided herein with respect to the applicable sign(s). Any restoration or replacement of the Koss Signs shall be built solely on the Koss Sign Pads in accordance with and subject to all applicable terms of this Restated Lease and shall be substantially similar in size and height to the sign which was damaged or destroyed. Except as provided in the following sentence, Tenant hereby waives any right of recovery and releases all claims against Landlord with respect to any damage or destruction to the Koss Signs from any cause whatsoever to the extent of the proceeds payable under any policies of insurance maintained by Tenant pursuant to the Restated Lease or which would have been payable had the required insurance coverage been maintained, whether or not such damage or loss shall have been caused by any acts or omissions of Landlord or its directors, officers, employees, agents, tenants or occupants. Notwithstanding the terms of the preceding sentence, if the Koss Signs or either of them are materially damaged or destroyed as a result of an intentional act of Landlord, and if the restoration or reconstruction of the affected sign(s) is then prohibited by law, then the foregoing waiver and release shall not apply with respect to any claim or right of recovery for direct (and not consequential, special or indirect) damages that Tenant may have against Landlord in connection with such damage or destruction.

7. RECIPROCAL EASEMENT AGREEMENT. The REA and this Restated Lease shall be construed together with the intent of giving full force and effect to each and every term and provision of each agreement.

8. NOTICES. Notices required or desired to be given under this Restated Lease shall be in writing and delivered by nationally recognized overnight courier with evidence of receipt to

the parties at the addresses below or such other addresses as one or more parties may from time to time designate by like notice. Delivery shall be deemed effective on the date of delivery as shown by the delivery ticket of the courier evidencing receipt thereof. The initial addresses of the parties are as follows:

(a) If to Tenant
Koss Corporation
Attention: Michael Koss
4129 North Port Washington Road
Milwaukee, Wisconsin 53212

with copy to:
Richard W. Silverthorn
Whyte Hirschboeck Dudek, S.C.
. 111 E. Wisconsin Avenue, Suite 2100
Milwaukee, Wisconsin 53202

If to Landlord:
Home Depot U.S.A., Inc.
1400 West Dundee Road
Arlington Heights, Illinois 60004
Attention: Michael LaFerle
Midwest Real Estate Manager

with copies to:
Home Depot U.S.A., Inc.
2455 Paces Ferry Road
Building C, 20th Floor
Atlanta, Georgia 30339
Attention: Senior Corporate Counsel - Real Estate

and

Altman, Kritzer & Levick, Ltd.
1101 Perimeter Road
Suite 700
Schaumburg, Illinois 60173
Attention: Gregg M. Dorman, Esq.

9. TENANT AGREEMENTS. Anything in the Lease to the contrary notwithstanding, Tenant acknowledges and agrees that:

(a) Landlord has no obligations or liabilities with respect to the Koss Sign Premises except as expressly provided in this Restated Lease or the REA;

(b) Landlord has no obligations or liabilities of any kind or nature whatsoever with respect to or arising out of (i) the Lease prior to the effective date of the Assignment and this Restated Lease (including, without limitation, any obligations, debts or liabilities of Koss as landlord under the Lease, if any), or (ii) the Koss Parcel or the condition thereof, or (iii) any other agreements (verbal or written) between Koss and Tenant with respect to the Koss Sign Premises, the HD Parcel or any other matter or thing, and Tenant does hereby release Landlord from any such obligations or liabilities and waives all claims against Landlord in connection therewith;

(c) Landlord is not making and has not made any representations or warranties of any kind or nature concerning the Koss Sign Premises including, without limitation, the condition thereof or whether the Koss Signs are or will be in compliance with or permitted by applicable laws;

(d) the covenant of quiet enjoyment set forth in the Lease with respect to the Koss Sign Premises shall only apply with respect to matters caused by Landlord, its agents, employees or contractors, or anyone claiming by or through Landlord;

(e) the indemnity set forth in Section 9(D) of the Building Lease shall also include Tenant's indemnification of Landlord with respect to any liabilities, claims, losses, damages, demands, fines, penalties, interest, liens, costs or expenses (including, without limitation, reasonable attorneys' fees and litigation expenses) arising out of the failure of the Koss Signs to comply with all applicable laws or with respect to the continued maintenance of the Koss Signs following notice from any applicable governmental authority that such signs are prohibited under applicable law; and

(f) In addition to any other applicable rights or remedies available to Landlord at law or in equity, Landlord shall have all rights and remedies available under Section 14 of the Building Lease in the event of Tenant's default under this Restated Lease.

10. AUTHORITY. Each of the parties hereto represents, warrants and covenants unto the other that this Restated Lease has been duly authorized, executed and delivered, is a valid and binding obligation of such party and is enforceable against such party in accordance with its terms.

11. AMENDMENT; CONFLICT. Except as terminated, partially assigned, amended and restated in the Modification and this Restated Lease, all terms, covenants, conditions, agreements and provisions set forth in the Lease are ratified, confirmed and approved. In the event of any conflict between the Lease and the terms of the Modification and this Restated Lease, the terms of the Modification and this Restated Lease shall in all instances govern and control.

12. MEMORANDUM AND RELEASE. Landlord and Tenant agree that a Memorandum of this Restated Lease in the form attached hereto as EXHIBIT C shall be executed and acknowledged by the parties hereto concurrently with the execution of this Restated Lease and recorded at Tenant's expense. Upon the expiration or earlier termination of this Restated Lease, Tenant agrees, upon not less than fifteen (15) days' prior written notice from Landlord, to sign a release with respect to the Memorandum of Restated Lease in recordable form as Landlord or its title insurer may reasonably require to further confirm and evidence such expiration or termination.

13. MISCELLANEOUS.

(a) If any provision of this Restated Lease, or portion thereof, or its application to any person or circumstances is held invalid, inoperative or unenforceable, the remainder of this Restated Lease shall be unaffected and enforced to the fullest extent permitted by law.

(b) This Restated Lease shall be construed and enforced in accordance with the laws of the State of Wisconsin.

(c) This Restated Lease shall be binding upon and inure to the benefit to the named parties and each successor and assign thereof; provided, however, nothing herein shall in way be deemed to limit, modify or adversely affect the terms of Section 12 of the Building Lease.

(d) This Restated Lease may only be amended, modified or terminated by a written instrument executed by Landlord and Tenant or the respective successors or assigns.

(e) This Restated Lease may be executed in several counterparts, each of which shall be deemed an original and which, when taken together, shall constitute one and the same document.

TEXT OF RESTATED LEASE ENDS HERE; SIGNATURE PAGE TO FOLLOW

IN WITNESS WHEREOF, this Restated Lease has been executed by the parties as of the date first above written.

TENANT: KOSS CORPORATION

By: /s/ Michael J. Koss

Michael Koss, Chief Executive Officer

LANDLORD: HOME DEPOT U.S.A., INC.

By: /s/ Kathryn E. Lee

Print Name: Kathryn E. Lee

Title: Senior Corporate Counsel
