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, 2002

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, $0.005 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. [ ]

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of August 1, 2002 was approximately $32,679,173 (based on the $17.49 per share closing price of the Company's Common Stock as reported on the NASDAQ Stock Market on August 1, 2002). 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, 2002 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, 2002, 3,911,756 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 2002 Annual Meeting of Stockholders to be filed with the Commission under Regulation 14A 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:

	2002	2001	2000
Stereophones	97%	94%	91%

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. The Company considers protection of its proprietary developments important; however, 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 51% of sales occurred in the first six months of the fiscal year ended June 30, 2002, and 49% of sales occurred in the latter six months of that 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 2002, the Company's sales to its largest single customer, Wal-Mart Stores Inc., 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 the loss of business of one or more of the Company's principal customers could have a material adverse effect on the Company's sales volume and profitability, 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 (including Wal-Mart) accounted for approximately 47% of total net sales in 2002.

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 which 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 $114,000 during fiscal 2002 as compared with $89,000 during fiscal 2001 and $227,000 during fiscal 2000. 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, 2002, the Company employed 103 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.

From time to time the Company is involved in routine litigation; however, 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, 2002.

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 record of the Company's common stock as of August 1, 2002. This number does not include individual participants in security position listings. No dividends were paid for the years ended June 30, 2001 and 2000. The quarterly high and low sale prices of the Company's common stock for the last two fiscal years as well as dividends paid during the last fiscal year (both adjusted for the 2 for 1 stock split) are shown below.

Quarter Ended	High (1)	Low (1)	Per Share Dividend
September 30, 2000	$10.19	$7.56	--
December 31, 2000	$15.88	$9.44	--
March 31, 2001	$15.50	$10.13	--
June 30, 2001	$20.00	$13.78	--
September 30, 2001	$19.00	$15.00	$0.125
December 31, 2001	$19.00	$12.60	$0.120
March 31, 2002	$17.10	$14.20	$0.120
June 30, 2002	$18.75	$14.41	$0.120

(1) Rounded to the nearest cent and adjusted to give effect to the November 5, 2001 2-for-1 stock split

The Company's shareholders are entitled to receive dividends as may be declared by the Board of Directors and paid out of funds legally available therefore. The Company began paying dividends for the quarter ended September 30, 2001. On July 29, 2002, the Company announced an increase in its quarterly dividend to $0.13 per share payable on October 15, 2002 to shareholders of record on September 30, 2002. Although the Company anticipates it will continue to pay a quarterly dividend, the decision to pay dividends and the amount of such dividends are within the sole discretion of the Board of Directors and are made on a quarterly basis. The decision to pay dividends will depend on the Company's operating results, financial condition, tax considerations, alternative uses for such funds, and other factors the Board of Directors deem relevant, and there can be no assurance that dividends will be paid in the future.

The table set forth below provides certain information with respect to the Company's equity compensation plans as of the end of the most recently completed fiscal year (June 30, 2002) under which equity securities of the Company are authorized for issuance.

Equity Compensation Plan Information

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	607,500	$12.20	763,483
Equity compensation plans not approved by security holders	Not applicable	Not applicable	Not applicable
Total	607,500	$12.20	763,483

Item 6. SELECTED FINANCIAL DATA.

	2002	2001	2000	1999	1998
Net sales	$36,571,303	$38,609,335	$35,401,533	$33,776,039	$41,311,207
Net income	$5,041,343	$5,687,521	$4,953,461	$4,318,189	$5,477,629
Earnings per common share:					
Basic	$1.36	$1.35	$0.97	$0.70	$0.84
Diluted	$1.28	$1.28	$0.95	$0.69	$0.82
Total assets	$20,326,134	$21,496,328	$25,044,307	$25,721,696	$32,028,769
Long-term debt	$0	$0	$0	$0	$2,746,000
Cash dividends per common share:	$0.485	--	--	--	--

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

2002 RESULTS OF OPERATIONS COMPARED WITH 2001

Net sales for 2002 were $36,571,303 compared with $38,609,335 in 2001, a decrease of $2,038,032 or 5.3%. This decline was due to soft retail business through the second and fourth quarter offset by stronger retail sales in the third quarter.

Gross profit was $14,574,484 or 40% in 2002 compared with $15,572,208 or 40% in 2001.

Selling, general and administrative expenses for 2002 were $7,267,429 compared with $7,446,119 in 2001, a decrease of $178,690 or 2%. The decrease was a result of the Company experiencing lower selling expenses associated with lower sales for the fiscal year offset by additional reserves for bad debts of approximately $500,000 for outstanding KMART receivables recorded in the last six months of the fiscal year.

Income from operations was $7,307,055 in 2002 compared with $8,126,089 in 2001, a decrease of 10%. Interest income was $30,445 in 2002 compared with $85,423 in 2001, a decrease of 64%. Interest income fluctuates in relation to cash balances on hand throughout the year. Interest expense for 2002 was $100,454 compared with $15,465 in 2001. The increase in interest expense is due to the Company's borrowing activity under its unsecured line of credit during the fiscal year.

Royalty income was $964,297 in 2002 compared with $1,010,026 in 2001, a decrease of 4.5%. The decrease in royalty income was primarily a result of a reduction of sales by licensees 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, 2003. 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.

2001 RESULTS OF OPERATIONS 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.

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

FINANCIAL CONDITION AND LIQUIDITY

During 2002, cash provided by operations was $7,802,565. Working capital was $12,731,229 at June 30, 2002. The decrease in working capital of $1,994,605 from the balance at June 30, 2001 represents primarily the net effect of an increase in cash and certain payables and a decrease in inventories.

Capital expenditures for new property and equipment (including production tooling) were $664,139, $814,851, and $349,620, in 2002, 2001, and 2000, respectively. Depreciation charges totaled $576,892, $599,526, and $654,916, for the same fiscal years. Budgeted capital expenditures for fiscal year 2003 are $1,082,000. The Company expects to generate sufficient funds through operations to fund these expenditures.

Stockholders' investment decreased to $13,272,746 at June 30, 2002 from $14,939,429 at June 30, 2001. The decrease reflects primarily the effect of the purchase and retirement of common stock and dividends offset by current year net income and the exercise of stock options during the year. On July 25, 2001, the Company announced its intent to begin paying quarterly dividends beginning with the quarter ended September 30, 2001. Payments were $462,890, $437,766, and $437,766 for the first, second, and third quarter, respectively. On June 25, 2002, the Company declared a quarterly cash dividend of $0.12 per share ($440,466) payable on July 15, 2002 to stockholders of record on June 30, 2002, which is recorded as dividends payable.

The Company amended its existing credit facility in July 2002, extending the maturity date of the unsecured line of credit to November 1, 2003. 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. The Company uses its credit facility from time to time, although there was no utilization of this credit facility at June 30, 2002, June 30, 2001 and June 30, 2000.

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, an additional increase of $3,000,000 in July of 2001, and an additional $1,500,000 in April of 2002, for a maximum of $35,500,000. 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, 2002, the Company purchased 301,202 shares of its common stock at an average gross price of $17.98 per share (and an average net price of $16.82 per share).

From the commencement of the Company's stock repurchase program through June 30, 2002, the Company has purchased a total of 4,856,680 shares for a total gross purchase price of $38,577,045 (representing an average gross purchase price of $7.94 per share) and a total net purchase price of $34,502,072 (representing an average net purchase price of $7.10 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.

The Company's primary source of liquidity over the past nine months has been operating cash flows. The Company's future cash flows from operations (on both a short term and long term basis) are dependent upon, but not limited to:

- the ability of the Company to attract new and retain existing customers,
- the volume of sales for these customers,
- the loss of business of one or more primary customers,
- changes in sales mix,
- the volume of royalty income,
- changes in general economic conditions,
- management's effectiveness in managing the manufacturing process, and
- the ability to collect in full and in a timely manner, amounts due the Company.

The Company is dependent upon its ability to retain existing and obtain new customers as well as develop new product lines for these customers. The Company's failure to retain existing customers, obtain new customers or develop new product lines could significantly affect future profitability of the Company. The loss of business of one or more principal customers or a change in the sales volume from a particular customer could have a material adverse effect on the Company's sales volume and profitability.

Due to the range of products that the Company sells, the product sales mix can produce a range of profit margins. Some businesses in which the Company operates produce lower profit margins than others.

Deteriorating or weak economic conditions, including retail slowdowns at both the domestic or European level, could affect future sales and profitability of the Company. The Company is not in a position to determine how it will be affected by these circumstances, how extensive the effects may be, or for how long it may be impacted by these circumstances.

Management's effectiveness in managing its manufacturing processes will have a direct impact on its future profitability. The Company regularly makes decisions that affect production schedules, shipping schedules, employee level, and inventory levels. The Company's effectiveness in managing these areas could have an effect on future profitability.

The Company has significant accounts receivable or other amounts due from its customers or other parties. From time to time, certain of these accounts receivable or other amounts due have become unusually large and/or overdue, and on occasion the Company has taken significant write-offs relating to accounts receivable. The failure of the Company's customers to pay in full amounts due to the Company could affect future profitability.

The Company has no "off-balance sheet" financing arrangements.

DISCLOSURES ABOUT CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

The Company has disclosed information pertaining to these events in footnotes 3 and 10 to its consolidated financial statements included in this Form 10-K

DISCLOSURES ABOUT CERTAIN TRADING ACTIVITIES THAT INCLUDE NON-EXCHANGE TRADED CONTRACTS ACCOUNTED FOR AT FAIR VALUE

The Company does not have any trading activities that include non-exchange traded contracts accounted for at fair value.

DISCLOSURES ABOUT EFFECTS OF TRANSACTIONS WITH RELATED AND CERTAIN OTHER PARTIES

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 $2.5 million 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.

In 1991, the Board of Directors agreed to continue the Chairman's current base salary in the event he becomes disabled prior to age 70. After age 70, he shall receive his current base salary for the remainder of his life, whether he becomes disabled or not. The Chairman has turned 70. The Company has a deferred compensation liability of $737,599 recorded as of June 30, 2002, and $1,015,390 as of June 30, 2001 for this arrangement.

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 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. It is the Company's policy, that all material transactions between the Company, its officers, directors or principal shareholders, or affiliates of any of them, shall be on terms no less favorable to the Company than those which could have been obtained if the transaction had been with unaffiliated third parties on an arm's length basis, and such transactions will be approved by a majority of the members of the Audit Committee of the Board of Directors, or a majority of the directors who are independent and not financially interested in the transactions.

DISCLOSURE ABOUT CRITICAL ACCOUNTING POLICIES

The Company's more critical accounting policies include revenue recognition, royalty income and the use of estimates (which inherently involve judgment and uncertainties) in valuing inventory and accounts receivable.

Revenue Recognition

The Company recognizes revenue 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 generally satisfied and the Company recognizes revenue upon shipment. The Company also offers certain of its customers the right to return products that do not meet the standards agreed with the customer. The Company continuously monitors such product returns and while such returns have historically been minimal, the Company cannot guarantee that they will continue to experience the same return rates that they have in the past. Any significant increase in product quality failure rates and the resulting credit returns could have a material adverse impact on the Company's operating results for the period or periods in which such returns materialize.

The Company provides for certain sales incentives, which include sales rebates and co-op advertising incentives. The Company records a provision for estimated incentives based upon the incentives offered to customers on product related sales in the same period as the related revenues are recorded. The Company also records a provision for estimated sales returns and allowances on product related sales in the same period as the related revenues are recorded. These estimates are based on historical sales returns, analysis of credit memo data and other known factors. If the historical data the Company uses to calculate these estimates do not properly reflect future returns, revenues could be overstated.

Products sold are covered by a lifetime warranty. The Company accrues a warranty reserve for estimated costs to provide warranty services. The Company's estimate of costs to service its warranty obligations is based on historical experience and expectation of future conditions. To the extent the Company experiences increased warranty claim activity or increased costs associated with servicing those claims, its warranty accrual will increase accordingly and result in decreased gross profit.

Royalty Income

The Company's net income is significantly affected by the levels of royalty income generated in any given period. Royalty income is recognized when earned under the terms of the Company's License Agreements. These agreements require minimum annual royalty payments. The Company currently has two royalty agreements which expire in 2003 and 2008, respectively. The inability of the Company to negotiate favorable royalty arrangements and renew current agreements could have a material adverse impact on the Company's results for the period. Based upon the favorable relationships the Company has with the parties under these License Agreements, termination, non-renewal or a renegotiation toward more unfavorable terms under the current agreements is not considered likely.

Accounts Receivable

The Company performs ongoing credit evaluations of its customers and adjusts credit limits based upon payment history and the customer's current credit worthiness, as determined by the review of the customer's current credit information. The Company continuously monitors collections and payments from customers and maintains a provision for estimated credit losses based upon the Company's historical experience and any specific customer collection issues that have been identified. The Company values accounts receivable net of an allowance for uncollectible accounts. The allowance is calculated based upon the Company's evaluation of specific customer accounts where the Company has information that the customer may have an inability to meet its financial obligations (bankruptcy, etc.). In these cases, the Company uses its judgment, based on the best available facts and circumstances, and records a specific reserve for that customer against amounts due to reduce the receivable to the amount that is expected to be collected. These specific reserves are re-evaluated and adjusted as additional information is received that impacts the amount reserved. However, the ultimate collectibility of a receivable is dependent upon the financial condition of an individual customer, which could change rapidly and without advance warning.

Inventories

The Company values its inventories at the lower of cost or market. Cost is determined using the last-in, first-out method. Valuing inventories at the lower of cost or market requires the use of estimates and judgment. As discussed under "General Factors" our customers may cancel their orders or change purchase volumes. Any of these, or certain additional actions, could create excess inventory levels which would impact the valuation of our inventory. The Company continues to use the same techniques to value inventory as have been used in the past. Any actions taken by our customers that could impact the value of our inventory are considered when determining the lower of cost or market valuations. The Company regularly reviews inventory quantities on hand and records a provision for excess and obsolete inventory based primarily on our estimated forecast of product demand and production requirements for the next twelve months. If the Company is not able to achieve its expectations of the net realizable value of the inventory at its current value, the Company would have to adjust its reserves accordingly.

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. FAS No. 142 will be effective for the Company as of July 1, 2002 for existing goodwill and intangible assets. FAS No. 141 is effective for business combinations initiated after June 30, 2001. The Company has not initiated any business combinations since June 30, 2001. The adoption of FAS No. 142 is not expected to have a material effect on the Company's financial position or results of operations.

In July 2001, the FASB also issued FAS No. 143, "Accounting for Asset Retirement Obligations" and in August 2001, issued No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." FAS No. 143 establishes accounting standards for the recognition and measurement of an asset retirement obligation. FAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets, superseding FAS No. 121. The statements are effective for the Company July 1, 2002. The Company is currently analyzing the impact these statements will have; however, the impact is not expected to be material on the Company's financial position or results of operations.

In November 2001, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products." This issue codifies and reconciles certain issues and addresses various aspects of the accounting for consideration given by a vendor to a customer or a reseller of the vendor's products that were previously addressed in Issues 00-14, 00-22, and 00-25. Issue 01-09 identifies other related interpretive issues. EITF 01-09 was effective for the Company's fiscal quarter ended March 31, 2002. The implementation of this issue did not have a material impact on the Company's results of operations for the fiscal year ended June 30, 2002.

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 7A. QUANTITATIVE AND QUANTATIVE DISCLOSURES ABOUT MARKET RISK.

In management's opinion, the Company does not engage in any material market risk sensitive activities and does not have any market risk sensitive instruments, other than the Company's commercial credit facility used for working capital purposes and stock repurchases.

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Consolidated financial statements of the Company at June 30, 2002 and 2001 and for each of the three years in the period ended June 30, 2002 and the notes thereto, and the report of independent accountants thereon are set forth on pages 16 to 27.

Selected unaudited quarterly financial data is as follows:

		Quarter		
2002	First	Second	Third	Fourth
Net sales	$ 8,951,411	$ 9,751,397	$ 8,203,325	$ 9,665,170
Gross profit	3,451,891	3,899,847	3,443,626	3,779,120
Net income	1,030,874	1,154,200	1,242,839	1,613,430
Earnings per common share:				
Basic (1)	$ .27	$ .31	$ .34	$ .44
Diluted (1)	.25	.30	.32	.42

		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)	$ .31	$ .32	$ .30	$ .43
Diluted (1)	.30	.31	.28	.40

(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 2002 Annual Meeting of Stockholders (the "2002 Proxy Statement"), which 2002 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 2002 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 2002 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 2002 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 16 to 27:

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	Amendment to Loan Agreement dated October 10, 2001.
10.17	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).
10.18	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).
10.19	Third Amendment and Assignment of License Agreement to Jiangsu Electronics Industries Limited dated March 31, 1997.

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

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

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

10.23 Seventh Amendment to License Agreement dated December 28, 2001.

10.24 Eighth Amendment to License Agreement dated July 31, 2002.

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

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

10.27 Amendment to Lease.

10.28 Partial Assignment, Termination and Modification of Lease.

10.29 Restated Lease.

22 List of Subsidiaries of Koss Corporation.

99.1 Certification of Chief Executive Officer and Chief Financial Officer.

b. No reports on Form 8-K were filed by the Company during the last quarter of the period covered by this report.

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 13 present fairly, in all material respects, the financial position of Koss Corporation and its subsidiaries at June 30, 2002 and 2001, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2002, 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, 2002

CONSOLIDATED STATEMENTS OF INCOME

Year Ended June 30,	2002	2001	2000
Net sales	$36,571,303	$38,609,335	$35,401,533
Cost of goods sold	21,996,819	23,037,127	21,843,517
Gross profit	14,574,484	15,572,208	13,558,016
Selling, general, and administrative expense	7,267,429	7,446,119	6,947,013
Income from operations	7,307,055	8,126,089	6,611,003
Other income (expense):			
Royalty income	964,297	1,010,026	1,283,563
Interest income	30,445	85,423	102,139
Interest expense	(100,454)	(15,465)	(24,244)
Income before income taxes	8,201,343	9,206,073	7,972,461
Provision for income taxes (note 5)	3,160,000	3,518,552	3,019,000
Net income	$5,041,343	$5,687,521	$ 4,953,461
Earnings per common share:			
Basic	$1.36	$1.35	$0.97
Diluted	$1.28	$1.28	$0.95
Dividends per common share	$0.485	None	None

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

CONSOLIDATED BALANCE SHEETS

As of June 30,	2002	2001
ASSETS		
Current Assets:		
Cash	$ 1,052,364	$ 181,678
Accounts receivable, less allowances of $801,055 and $301,252, respectively (note 11)	8,371,187	8,247,045
Inventories	6,380,212	8,496,010
Prepaid expenses	600,928	593,961
Income taxes receivable	--	480,322
Deferred income taxes (note 5)	714,973	340,973
Total current assets	17,119,664	18,339,989
Equipment and Leasehold Improvements, at cost:		
Leasehold improvements	1,104,954	1,031,574
Machinery, equipment, furniture, and fixtures	5,152,552	5,012,089
Tools, dies, molds, and patterns	9,513,252	9,062,776
	15,770,758	15,106,439
Less--accumulated depreciation	13,992,703	13,415,811
	1,778,055	1,690,628
Deferred Income Taxes (note 5)	512,135	557,135
Other Assets	916,280	908,576
	$20,326,134	$21,496,328
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
Current Liabilities:		
Accounts payable	$1,854,316	$2,062,476
Accrued liabilities (note 6)	1,587,551	1,551,679
Dividends payable	440,466	--
Income taxes payable	506,102	--
Total current liabilities	4,388,435	3,614,155
Contingently Redeemable Equity Interest (note 4)	1,490,000	1,490,000
Deferred Compensation	737,599	1,015,390
Other Liabilities	437,354	437,354
Commitments and Contingencies (note 10)		
Stockholders' Investment (note 4):		
Common stock, $0.005 par value, authorized 8,500,000 shares; issued and outstanding 3,911,756 and 3,886,756 shares, respectively	19,559	19,434
Contingently redeemable common stock	(1,490,000)	(1,490,000)
Undistributed retained earnings	14,743,187	16,409,995
Total stockholders' investment	13,272,746	14,939,429
	$20,326,134	$21,496,328

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended June 30,	2002	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$5,041,343	$5,687,521	$4,953,461
Adjustments to reconcile net income to net cash provided by operating activities:			
Allowance for doubtful accounts (recoveries)	552,000	52,238	(37,178)
Depreciation and amortization	576,892	600,819	663,422
Deferred income taxes	(329,000)	229,000	(294,027)
Deferred compensation	(277,791)	115,080	115,080
Other	--	(61,001)	71,322
Net changes in operating assets and liabilities (note 7)	2,239,121	2,300,196	2,582,522
Net cash provided by operating activities	7,802,565	8,923,853	8,054,602
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of equipment and leasehold improvements	(664,319)	(814,851)	(349,620)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Payments under line of credit agreement	(6,786,500)	--	--
Borrowings under line of credit agreement	6,786,500	--	--
Dividends paid	(1,338,424)	--	--
Purchase of common stock	(5,416,436)	(11,627,523)	(6,486,347)
Exercise of stock options	487,300	535,798	774,262
Net cash used in financing activities	(6,267,560)	(11,091,725)	(5,712,085)
Net increase (decrease) in cash	870,686	(2,982,723)	1,992,897
Cash at beginning of year	181,678	3,164,401	1,171,504
Cash at end of year	$ 1,052,364	$181,678	$ 3,164,401

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT

	Common Stock		Undistributed Retained	Accumulated Other Comprehensive
	Shares	Amount	Earnings	Loss
Balance, July 1, 1999	5,422,238	$ 27,111	$22,715,146	$(71,322)
Net income	--	--	4,953,461	--
Purchase and retirement of treasury stock	(871,000)	(4,355)	(6,481,992)	--
Exercise of stock options	147,500	738	773,524	--
Foreign currency translation adjustment	--	--	--	71,322
Balance, June 30, 2000	4,698,738	23,494	21,960,139	--
Net income	--	--	5,687,521	--
Purchase and retirement of treasury stock	(924,482)	(4,622)	(11,622,901)	--
Exercise of stock options	112,500	562	385,236	--
Balance, June 30, 2001	3,886,756	$ 19,434	$16,409,995	$ --
Net income	--	--	5,041,343	--
Dividends declared and paid	--	--	(1,778,890)	--
Exercise of stock options	85,000	425	487,175	--
Purchase and retirement of treasury stock	(60,000)	(300)	(5,416,436)	--
Balance, June 30, 2002	3,911,756	$ 19,559	$14,743,187	$ --

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 11% and 14% of the Company's accounts receivable at June 30, 2002 and 2001, 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 2003 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 $787,361 and $981,018 higher than reported at June 30, 2002 and 2001, respectively.

The components of inventories at June 30 are as follows:

	2002	2001
Raw materials and work in process	$ 2,033,836	$ 2,516,999
Finished goods	4,346,376	5,979,011
	$ 6,380,212	$ 8,496,010

During 2002 and 2001, 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 $114,000 in 2002, $89,000 in 2001 and $227,000 in 2000.

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.

NEW 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. FAS No. 142 will be effective for the Company as of July 1, 2002 for existing goodwill and intangible assets. FAS No. 141 is effective for business combinations initiated after June 30, 2001. The Company has not initiated any business combinations since June 30, 2001. As of June 30, 2002, the Company does not have any goodwill or other intangible assets.

In July 2001, the FASB also issued FAS No. 143, "Accounting for Asset Retirement Obligations" and in August 2001, issued No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." FAS No. 143 establishes accounting standards for the recognition and measurement of an asset retirement obligation. FAS No. 144 addresses financial accounting and reporting for the impairment or disposal of long-lived assets, superseding FAS No. 121. The statements are effective for the Company July 1, 2002. The Company is currently analyzing the impact these statements will have; however, the impact is not expected to be material on the Company's financial position or results of operations.

In November 2001, the Emerging Issues Task Force ("EITF") reached a consensus on Issue No. 01-9, "Accounting for Consideration Given by a Vendor to a Customer or a Reseller of the Vendor's Products." This issue codifies and reconciles certain issues address various aspects of the accounting for consideration given by a vendor to a customer or a reseller of the vendor's products that were previously addressed in Issues 00-14, 00-22, and 00-25. Issue 01-09 identifies other related interpretive issues. EITF 01-09 was effective for the Company's fiscal quarter ended March 31, 2002. The implementation of this issue did not have a material impact on the Company's results of operations for the fiscal year ended June 30, 2002.

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, 2002, 2001, and 2000, were 3,700,884, 2,104,041, and 2,542,768, respectively. When dilutive, stock options are included in earnings per share as share equivalents using the treasury stock method. Common stock equivalents of 222,699, 121,200, and 59,716, 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, 2002, 2001, and 2000, respectively.

3. LONG-TERM DEBT

The Company amended its existing credit facility in July 2002, extending the maturity date of the unsecured line of credit to November 1, 2003. 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 were no borrowings under this credit facility at June 30, 2002 and 2001. The Company borrowed and repaid $6,786,500 under this credit facility in fiscal year 2002.

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. In 2001, the Board of Directors authorized the reservation of an additional 300,000 shares for the 1990 Plan, which was also 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 June 30, 1999	537,500	$2.66-$5.96	$5.02
Granted	120,000	$6.73-$7.40	$7.12
Exercised	(147,500)	$2.66-$5.42	$3.93
Cancelled	(15,000)	$5.00	$5.00
Shares under option at June 30, 2000	495,000	$2.66-$7.40	$5.85
Granted	160,000	$16.76-$18.43	$17.80
Exercised	(112,500)	$2.66-$6.73	$4.73
Shares under option at June 30, 2001	542,500	$5.10-$18.43	$9.61
Granted	150,000	$16.80-$18.48	$17.92
Exercised	(85,000)	$5.37-$6.75	$5.74
Shares under option at June 30, 2002	607,500	$5.10-$18.48	$12.20
Options exercisable at June 30, 2002	227,500	$5.10-$18.43	$8.23

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 2002, 2001, and 2000 was $4.91, $5.31, and $3.33, 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 and 2000 was $7.90 and $4.64, respectively. There were no options granted in 2002 for which the exercise price was less than the market price on the date of grant. The weighted average remaining contractual life of these options approximates 5 years.

The Company currently accounts for its stock-based compensation plans using the intrinsic value method. Companies that elect to use 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 recorded no compensation cost for options granted under its stock-based compensation plan using the intrinsic value method. Had compensation cost been determined based on the fair value at the grant date for awards in 2002, 2001 and 2000, the Company's pro forma net income and earnings per share would have been as presented below:

	2002	2001	2000
Net income - as reported	$5,041,343	$5,687,521	$4,953,461
Net income - pro forma	$4,424,091	5,238,951	4,602,345
Earnings per common share - as reported			
Basic	$1.36	$1.35	$0.97
Diluted	$1.28	$1.28	$0.95
Earnings per common share - pro forma			
Basic	$1.20	$1.25	$0.91
Diluted	$1.13	$1.18	$0.88

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:

	2002	2001	2000
Expected stock price volatility	46.96%	50.41%	56.09%
Risk free interest rate	4.61%	4.97%	6.54%
Expected dividend yield	2.87%	--	--
Expected life of options	5.00 years	5.13 years	5.25 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 purchased 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 utilizes the liability method of accounting for income taxes. The liability method measures the expected income tax impact of future taxable income and deductions implicit in the consolidated balance sheet.

The provision for income taxes in 2002, 2001, and 2000 consists of the following:

Year Ended June 30,	2002	2001	2000
Current:			
Federal	$2,912,000	$2,716,552	$2,788,027
State	577,000	573,000	525,000
Deferred	(329,000)	229,000	(294,027)
	$3,160,000	$3,518,552	$3,019,000

The 2002, 2001, and 2000 tax provision results in an effective rate different than the federal statutory rate due to the following:

Year Ended June 30,	2002	2001	2000
Federal income tax at statutory rate	$2,789,000	$3,130,000	$2,711,000
State income taxes, net of federal tax benefit	381,000	378,000	346,000
Other	(10,000)	10,552	(38,000)
Total provision for income taxes	$3,160,000	$3,518,552	$3,019,000

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

	2002	2001
Deferred Tax Assets		
Deferred compensation	$282,000	$385,000
Accrued expenses and reserves	868,000	357,000
Package design and trademarks	244,000	193,000
Other	9,000	9,000
	1,403,000	944,000
Deferred Tax Liabilities		
Royalties receivable/deferred	(174,000)	(11,000)
Equipment and leasehold improvements	(2,000)	(35,000)
Net deferred tax asset	$1,227,000	$898,000

6. ACCRUED LIABILITIES

Accrued liabilities at June 30 consist of the following:

	2002	2001
Salaries and wages	$407,367	$584,435
Cooperative advertising and promotion allowances	747,777	463,314
Payroll taxes and employee benefits	189,342	186,738
Other	243,065	317,192
	$1,587,551	$1,551,679

7. ADDITIONAL CASH FLOW INFORMATION

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

	2002	2001	2000
Accounts receivable	$(676,142)	$ (71,098)	$(783,468)
Inventories	2,115,798	918,026	3,541,082
Prepaid expenses	(6,967)	(31,933)	(48,128)
Income taxes	986,424	(235,567)	21,574
Other assets	(7,704)	(170,377)	(43,371)
Accounts payable	(208,160)	1,491,909	(221,218)
Accrued liabilities	35,872	399,236	116,051
Net change	$2,239,121	$2,300,196	$2,582,522

	2002	2001	2000
Net cash paid during the year for:			
Interest	$100,454	$15,465	$24,244
Income taxes	$2,502,576	$3,675,119	$3,291,453

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 $74,000 in 2002, $94,000 in 2001, and $0 in 2000.

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 each of the years ended June 30, 2002, 2001 and 2000 were $180,000.

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 $4,037,739 during 2002, $3,575,201 during 2001, and $3,129,872 during 2000.

Sales to one customer, Wal-Mart Stores Inc., were approximately 18% of total sales for the year ended June 30, 2002. Sales to the Tandy Corporation were approximately 18% and 16% for the years ended June 2001 and 2000.

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 $421,000 in 2002, $424,000 in 2001, and $454,000 in 2000.

11. SUPPLEMENTARY INFORMATION

Changes in the allowance for doubtful accounts for the years ended June 30, 2002, 2001, and 2000 are summarized as follows:

Year Ending	Balance at Beginning of Period	Charges Against/ (Credits To) Income	Deductions*	Balance at End of Period
2002	$301,252	$552,000	$ 52,197	$801,055
2001	$252,194	$ 52,238	$ 3,180	$301,252
2000	$447,644	($ 37,178)	$158,272	$252,194

*Represents charges against the allowance, net of recoveries.

Advertising costs included selling, general, and administrative expenses in the accompanying statements of income were $366,545 in 2002, $207,776 in 2001, and $235,257 in 2000. Such costs are expensed as incurred.

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: 9/4/02

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

By: /s/ Sujata Sachdeva Dated: 9/4/02

Sujata Sachdeva,
Vice President - Finance
Principal Accounting Officer
Secretary

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: 9/4/02	/s/ Michael J. Koss Michael J. Koss, Director Dated: 9/4/02
/s/ Martin F. Stein Martin F. Stein, Director Dated: 9/4/02	/s/ Victor L. Hunter Victor L. Hunter, Director Dated: 9/4/02
/s/ John J. Stollenwerk John J. Stollenwerk, Director Dated: 9/4/02	/s/ Lawrence S. Mattson Lawrence S. Mattson, Director Dated: 9/4/02
/s/ Thomas L. Doerr Thomas L. Doerr, Director Dated: 9/4/02	

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

KOSS CORPORATION

CERTIFICATION OF PERIODIC FINANCIAL REPORT
PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael J. Koss, certify that:

1. I have reviewed this annual report on Form 10-K of Koss Corporation;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; and
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report.

Date: September 4, 2002

/s/ Michael J. Koss
- ----------------------
Michael J. Koss
Chief Executive Officer, President and
Chief Financial Officer

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/Secretary

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 17, 2002 -- 9:00a.m.
Milwaukee River Hilton Inn
4700 N. Port Washington Rd.
Milwaukee, WI 53212

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP
Milwaukee, Wisconsin

LEGAL COUNSEL

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

TRANSFER AGENT

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

American Stock Transfer
& Trust Company
59 Maiden Lane
New York, NY 10038

16800 West Greenfield Avenue
Brookfield, WI 53005
Attn: Barbara Bahr
Shareholders Toll-free: 1-800-937-5449

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	Amendment to Loan Agreement dated October 10, 2001	(16)

10.17	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)	(17)
10.18	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)	(18)
10.19	Third Amendment and Assignment of License Agreement to Jiangsu Electronics Industries Limited dated as of March 31, 1997..	(19)
10.20	Fourth Amendment to License Agreement dated as of May 29, 1998..	(20)
10.21	Fifth Amendment to License Agreement dated March 30, 2001..	(21)
10.22	Sixth Amendment to License Agreement dated August 15, 2001	(22)
10.23	Seventh Amendment to License Agreement dated December 28, 2001	(23)
10.24	Eighth Amendment to License Agreement dated July 31, 2002...	(24)
10.25	License Agreement dated June 30, 1998 between Koss Corporation and Logitech Electronics Inc. (including Addendum to License Agreement dated June 30, 1998)	(25)
10.26	Consent of Directors (Supplemental Executive Retirement Plan for Michael J. Koss dated March 7, 1997)	(26)
10.27	Amendment to Lease	(27)
10.28	Partial Assignment, Termination and Modification of Lease	(28)
10.29	Restated Lease	(29)
22	List of Subsidiaries of Koss Corporation	(30)
99.1	Certification of Chief Executive Officer and Chief Financial Officer	(31)

(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) Filed herewith

(17) 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)

(18) 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)

(19) 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)

(20) 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)

(21) 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)

(22) Incorporated by reference from Exhibit 10.21 to the Company's Annual Report on Form 10-K for the year ended June 30, 2001 (Commission File No. 0-3295)

(23) Incorporated by reference from Exhibit 10.23 to the Company's Quarterly Report on Form 10-Q for the quarter ended December 31, 2001 (Commission File No. 0-3295)

(24) Filed herewith

(25) 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)

(26) 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)

(27) 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)

(28) Incorporated by reference from Exhibit 10.25 to the Company's Annual Report on Form 10-K for the year ended June 30, 2001 (Commission File No. 0-3295)

(29) Incorporated by reference from Exhibit 10.26 to the Company's Annual Report on Form 10-K for the year ended June 30, 2001 (Commission File No. 0-3295)

(30) 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)

(31) File herewith

EXHIBIT 10.16

AMENDMENT NO. 6 TO LOAN AGREEMENT

THIS AMENDMENT NO. 6 TO LOAN AGREEMENT (the "Amendment") is made and entered into as of October 10, 2001, by and between LaSALLE BANK NATIONAL ASSOCIATION, f/k/a LaSALLE NATIONAL BANK, a national banking association (the "Lender"), and KOSS CORPORATION, a Delaware corporation (the "Borrower").

R E C I T A L S:

Borrower and Lender entered into that certain Loan Agreement dated February 17, 1995, as amended by that certain Amendment No. 1 to Loan Agreement dated June 15, 1995, as further amended by that certain Amendment No. 2 to Loan Agreement dated May 20, 1996, as further amended by that certain Amendment No. 3 to Loan Agreement dated December 31, 1997, as further amended by that certain Amendment No. 4 to Loan Agreement dated April 29, 1999, and as further amended by that certain Amendment No. 5 dated December 15, 1999 (collectively, the "Loan Agreement"), pursuant to which Lender agreed to provide Borrower with a revolving line of credit up to $10,000,000.00 (the "Revolving Loan"); and

Borrower has requested Lender to extend the Maturity Date of the Revolving Loan to November 1, 2002, and Lender has agreed to do so provided, among other things, Borrower executes and delivers this Amendment.

NOW THEREFORE, in consideration of the premises which are incorporated herein by this reference, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Section 2.1(A) of the Loan Agreement shall be deleted in its entirety and replaced with the following new Section 2.1(A):

> Subject to the terms and conditions of this Agreement, on the date upon which all terms and conditions of the Documents have been met or fulfilled to the satisfaction of Lender (the "Closing Date"), the Lender agrees to make loans to Borrower on a revolving basis (such loans being herein called individually, a "Revolving Loan", and collectively, the "Revolving Loans") from time to time in such amounts as Borrower may from time to time request up to an aggregate amount outstanding of $10,000,000.00; provided, however, that (i) each borrowing by Borrower hereunder with respect to any Revolving Loan shall be in the aggregate principal amount of at least $10,000.00; (ii) the Lender's commitment to make Revolving Loans shall remain in effect for a period to and including November 1, 2002 (the "Revolver Termination Date"); (iii)

notwithstanding any provision herein to the contrary (1) upon the occurrence and continuance of any Event of Default, and in each such event, the Lender may, in its sole discretion, immediately cease to make Revolving Loans; and (2) on the Revolver Termination Date, Borrower shall repay to the Lender all Revolving Loans, plus interest accrued to the date of payment; and (iv) for a period of at least 30 consecutive days during each fiscal year of Borrower, the amount of Revolving Loans outstanding shall not exceed $2,000,000.00.

2. Subsection 2.1(B)(b) of the Loan Agreement shall be deleted in its entirety and replaced with the following new Subsection 2.1(B)(b):

(b) all Letters of Credit shall expire prior to November 1, 2002.

3. Subsection 5.1(S) of the Loan Agreement shall be deleted in its entirety and replaced with the following new Subsection 5.1(S):

(s) Tangible Net Worth. Borrower, on a consolidated basis, shall not cause, suffer or permit its Tangible Net Worth (including adjustment for transactions with Affiliates) to be less than $10,000,000.00 at any time.

4. Borrower shall deliver to Lender as a condition to Lender's undertakings as provided hereunder, note amendments, a copy of its Articles of Incorporation certified by the Delaware Secretary of State, a directors' consent, secretary's certificate and such other documents as Lender shall request, each in form and substance satisfactory to Lender and its counsel.

5. All references to "the Agreement" in the Loan Agreement shall mean the Loan Agreement as amended by this Amendment. All references to "the Loan," "the Loans," in the Loan Agreement shall include the loan amendments made hereunder. All references to "the Documents" in the Loan Agreement shall include this Amendment, the amendment to the Revolving Note and any other instrument or document required hereunder, whether now existing or at any time hereafter arising. All references to "the Revolving Note" and in Loan Agreement shall include the amendments thereto.

6. All of the agreements, representations, covenants and obligations set forth in the Loan Agreement and hereby reaffirmed and restated as of the date of this Amendment. All representations and warranties contained in the Loan Agreement remain true and correct as of the date of this Amendment.

7. Borrower agrees to pay all fees and out-of-pocket expenses of Lender including, without limitation, outside counsel to the Lender in connection with the preparation of this Amendment, and any and all

agreements, instruments and documents required or contemplated by this Amendment.

8. Except as specifically amended and modified by this Amendment: (a) the Loan Agreement shall remain in full force and effect and is hereby restated and incorporated herein by this reference; and (b) all terms defined in the Loan Agreement shall have the same meanings herein as therein.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 6 to be duly executed and delivered at Chicago, Illinois, as of the date first above written.

LaSALLE BANK NATIONAL ASSOCIATION	KOSS CORPORATION
By: /s/ James J. Hess	By: /s/ Michael J. Koss
Title: JAMES J. HESS VICE PRESIDENT	Title: CEO President
	ATTEST:
	By: Laura T. Scuff
	Title: Notary Public

EXHIBIT 10.24

Jiangsu Electronics Industries Limited
c/o Koss Audio & Video Electronics
11733 Missouri Bottom Road
Hazelwood, Missouri 63042

July 31, 2002

Mr. Michael J. Koss
Koss Corporation
4129 North Port Washington Avenue
Milwaukee, Wisconsin 53212

Re: Eighth Amendment to License Agreement

Dear Michael:

Koss Corporation, a Delaware corporation ("Licensor"), and Jiangsu Electronics Industries Limited, a British Virgin Islands company ("Licensee"), are (by way of assignment) parties to a certain License Agreement between Licensor and Trabelco N.V. dated November 15, 1991, as amended (as amended, the "License Agreement"). Licensor and Licensee now desire to further amend certain terms and conditions of the License Agreement and agree as follows:

1. Section 7.3 of the License Agreement (as amended by the Third Amendment and Assignment of License Agreement dated as of March 31, 1997, the Fourth Amendment to License Agreement dated May 29, 1998, the Fifth Amendment to License Agreement dated March 30, 2001 and the Sixth Amendment to License Agreement dated August 15, 2001) 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
2003	$500,000
2004	$525,000
2005	$551,250

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.

2. Section 7.6 of the License Agreement (as amended by the Fifth Amendment to License Agreement dated March 30, 2001) is hereby deleted in its entirety and the following inserted in its place:

7.6 This Agreement shall automatically renew for an additional two (2) year period at the end of each Contract Year (unless this Agreement is sooner terminated in accordance with the provisions hereof). The parties agree that Minimum Royalties shall increase by five percent (5%) each Contract Year commencing with the Contract Year starting January 1, 2006.

LICENSEE shall have the right to terminate this Agreement at any time by giving written notice to LICENSOR during the course of any Contract Year, in which case this Agreement shall continue in full force and effect for an additional one (1) Contract Year after December 31 of the Contract Year in which the notice of termination was given. The Minimum Royalties in effect at the time of the notice of termination shall remain constant for the remaining Contract Years of this Agreement.

Commencing with the Contract Year starting January 1, 2005, LICENSOR shall have the right to terminate this Agreement during the course of any Contract Year if one of the following thresholds is not met with regard to Royalties paid by LICENSEE for the periods referenced below: (i) LICENSEE's average Royalties from the two (2) most recent Contract Years do not exceed one hundred ten percent (110%) of the average Minimum Royalties from the same two (2) year period, or (ii) LICENSEE's actual Royalties for the most recent Contract Year do not exceed seventy percent (70%) of the actual Royalties for the immediately preceding Contract Year. In the event of such notice of termination by LICENSOR this Agreement shall continue in full force and effect for an additional one (1) Contract Year after December 31 of the Contract Year in which the notice of termination was given. The Minimum Royalties in effect at the time of the notice of termination shall remain constant for the remaining Contract Years of this Agreement.

3. The parties hereto agree that this letter agreement has been jointly drafted by the parties, that the language used in this letter agreement 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.

To evidence your agreement with the provisions set forth in this letter, please execute this letter below.

Very truly yours,

JIANGSU ELECTRONICS INDUSTRIES LIMITED

BY: Poon Ka Hung

Name: Poon Ka Hung
Title: Chief Executive Officer

AGREED TO THIS 31 DAY
OF JULY, 2002.

KOSS CORPORATION

By: Michael J. Koss

Michael J. Koss, President

EXHIBIT 99.1

Koss Corporation

CERTIFICATION OF PERIODIC FINANCIAL REPORT
PURSUANT TO 18 U.S.C. SECTION 1350 AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, the undersigned officer of Koss Corporation (the "Company") certifies that to his knowledge the Company's Annual Report on Form 10-K for the fiscal year ended June 30, 2002 (the "Report"):

(1) Fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Dated: September 4, 2002

/s/Michael J. Koss

Michael J. Koss
Chief Executive Officer

/s/Michael J. Koss

Michael J. Koss
Chief Financial Officer

This certification accompanies the Form 10-K pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not, except to the extent required by the Sarbanes-Oxley Act of 2002, be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended.