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, 2000

OR

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

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

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

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

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

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

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

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

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

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. YES X NO

The aggregate market value of the voting stock held by nonaffiliates of the registrant as of September 1, 2000 was approximately $16,495,180 (based on the $19.75 per share closing price of the Company's Common Stock as reported on the NASDAQ Stock Market on September 1, 2000). 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 September 1, 2000 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 September 1, 2000, 2,208,369 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 2000 Annual Meeting of Stockholders to be filed within 120 days of the end of the fiscal year covered by this Report. The exhibits hereto incorporate by reference information from the Company's Annual Report on Form 10-K for the fiscal years ended June 30, 1988, 1990, 1995, 1996, and 1998 and the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1995 and March 31, 1997.

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:

	2000	1999	1998
Stereophones	91%	97%	87%

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 more than 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 and has numerous patents. Certain of its trademarks are of material value and importance to the conduct of its business. Although the Company considers protection of its proprietary developments important, the Company's business is not, in the opinion of management, materially dependent upon any single patent.

Although retail sales of consumer electronics are predictably higher during the holiday season, management of the Company is of the opinion that its business and industry segment are not seasonal as evidenced by the fact that 49% of sales occurred in the first six months of the fiscal year and 51% of sales occurred in the latter six months of the fiscal year.

The Company's working capital needs do not differ substantially from those of its competitors in the industry and generally reflect the need to carry significant amounts of inventory to meet delivery requirements of its customers. The Company provides extended payment terms for product sales to certain customers. Based on historical trends, management does not expect these practices to have any material effect on net sales or revenues. 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 2000, the Company's sales to its largest single customer, Tandy Corporation, were approximately 16% 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 dampening the impact on the Company's operating income. Although perhaps initially material, management believes this impact would be offset in future years by expanded sales to both existing and new customers. The five largest customers of the Company accounted for approximately 46% of total net sales in 2000.

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 $227,000 during fiscal 2000 as compared with $243,000 during fiscal 1999 and $265,000 during fiscal 1998. 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, 2000, the Company employed 123 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 attendant to the conduct of its business in such markets are comparable to the domestic market. For further information, see Note 10 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 increases the rent from $280,000 per year (plus Consumer Price Index increase in 1994) to a fixed rate of $350,000 per year for three years and $380,000 for the seven years thereafter. The lease is on terms no less favorable to the Company than those that could be obtained from an independent party. The Company is responsible for all property maintenance, insurance, taxes and other normal expenses related to ownership.

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

Item 3. LEGAL PROCEEDINGS.

Neither Koss nor its subsidiaries are subject to any material legal proceedings.

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, 2000.

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 993 holders of the Company's common stock as of September 1, 2000. No dividends have been paid for the years ended June 30, 2000, 1999, and 1998. The quarterly high and low sale prices of the Company's common stock for the last two fiscal years are shown below.

	Fiscal Year 2000		Fiscal Year 1999	
Quarter	High	Low	High	Low
First	$15-0/0	$10-5/8	$15-1/4	$9-1/2
Second	$15-3/4	$9-1/8	$11-3/4	$9-1/4
Third	$16-0/0	$13-3/4	$12-1/2	$10-15/16
Fourth	$18-1/4	$13-0/0	$13-3/8	$9-1/4

Item 6. SELECTED FINANCIAL DATA.

	2000	1999	1998	1997	1996
Net sales	$34,874,972	$33,188,174	$40,638,747	$39,554,720	$36,422,377
Net income	$4,953,461	$4,318,189	$5,477,629	$3,587,688	$2,360,963
Earnings per common share:					
Basic	$1.95	$1.41	$1.68	$1.09	$0.69
Diluted	$1.90	$1.39	$1.65	$1.07	$0.67
Total assets	$25,044,307	$25,721,696	$32,028,769	$26,332,923	$22,005,257
Long-term debt	$0	$0	$2,746,000	$1,221,000	$470,000

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

FINANCIAL CONDITION AND LIQUIDITY

During 2000, cash provided by operations was $8,054,602. Working capital was $20,674,368 at June 30, 2000. The decrease in working capital of $310,791 from the balance at June 30, 1999 represents primarily the net effect of an increase in cash and accounts receivables and a decrease in inventories.

Capital expenditures for new property and equipment including production tooling were $349,620, $421,251, and $221,560, in 2000, 1999, and 1998, respectively. Depreciation charges aggregated $654,916, $614,184, and $636,558, for the same fiscal years. Budgeted capital expenditures for fiscal year 2001 are $1,123,100. The Company expects to generate sufficient funds through operations to fund these expenditures.

Stockholders' investment decreased to $20,493,633 at June 30, 2000 from $21,180,935 at June 30, 1999. The decrease reflects primarily the net effect of income, the purchase and retirement of common stock, and the exercise of stock options for the year. No cash dividends have been paid since the first quarter of fiscal 1984.

The Company amended its existing credit facility in December 1999, extending the maturity date of the unsecured line of credit to November 1, 2001. This credit facility provides for borrowings up to a maximum of $10,000,000. The Company can use this credit facility for working capital purposes or for the purchase of its own stock pursuant to the Company's stock repurchase program. Borrowings under this credit facility bear interest at the bank's prime rate, or LIBOR plus 1.75%. This credit facility includes certain financial covenants that require the Company to maintain a minimum tangible net worth and specified current, interest coverage, and leverage ratios. There was no utilization of this credit facility at June 30, 2000 and June 30, 1999. Utilization of this credit facility as of June 30, 1998 was $2,746,000.

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. 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, 2000, the Company purchased 435,500 shares of its common stock at an average gross price of $14.89 per share (and an average net price of $14.47 per share), and retired all such shares.

From the commencement of the Company's stock repurchase program through June 30, 2000, the Company has purchased and retired a total of 1,815,498 shares for a total gross purchase price of $21,537,706 (representing an average gross purchase price of $11.86 per share) and a total net purchase price of $18,640,984 (representing an average net purchase price of $10.27 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.

2000 RESULTS COMPARED WITH 1999

Net sales for 2000 were $34,874,972 compared with $33,188,174 in 1999, an increase of $1,686,798 or 5%. The increase was the result of higher sales volume of current products as well as the introduction of new products.

Gross profit was $13,558,016 or 38.9% in 2000 compared with $12,855,894 or 38.7% in 1999.

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

Income from operations was $6,611,003 in 2000 compared with $5,630,554 in 1999, an increase of 17.4%. Interest expense for 2000 was $24,244 compared with $67,932 in 1999. This decrease is due to decreased levels of borrowings during the fiscal year.

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

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

Income taxes are discussed in Note 6 to the consolidated financial statements.

1999 RESULTS COMPARED WITH 1998

Net sales for 1999 were $33,188,174 compared with $40,638,747 in 1998, a decrease of $7,450,573 or 18%. The decrease was primarily the result of the Company's decision to withdraw from the speaker business.

Gross profit was $12,855,894 or 38.7% in 1999 compared with $15,794,779 or 38.9% in 1998.

Selling, general and administrative expenses for 1999 were $7,225,340 compared with $7,822,338 in 1998, a decrease of $596,998 or 8%. This decrease was a result of lower sales.

Income from operations was $5,630,554 in 1999 compared with $7,972,441 in 1998, a decrease of 29%. Interest expense for 1999 was $67,932 compared with $308,405 in 1998. The decrease is due to decreased levels of borrowings during the fiscal year.

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

The Company also had a License Agreement with Trabelco N.V. covering certain European countries. Although no sales were ever reported under this License Agreement, certain minimum royalties were due for calendar year 1998. This License Agreement expired on December 31, 1998.

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

Income taxes are discussed in Note 6 to the consolidated financial statements.

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 generally accepted accounting principles appropriate under the circumstances and necessarily include amounts that are based on best estimates and judgments.

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

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

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

Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

Consolidated financial statements of the Company at June 30, 2000 and 1999 and for each of the three years in the period ended June 30, 2000 and the notes thereto, and the report of independent accountants thereon are set forth on pages 13 to 25.

Selected unaudited quarterly financial data is as follows:

	Quarter			
2000	First	Second	Third	Fourth
Net sales	$ 8,393,253	$ 8,582,606	$ 8,289,742	$ 9,609,371
Gross profit	3,479,976	3,296,049	3,540,816	3,241,175
Net income	1,183,617	1,139,209	1,102,648	1,527,987
Earnings per common share:				
Basic	$ .44	$ .43	$ .45	$ .64
Diluted	.43	.42	.44	.62

	Quarter			
1999	First	Second	Third	Fourth
Net sales	$ 9,031,043	$ 8,386,879	$ 7,679,636	$ 8,090,616
Gross profit	3,972,939	3,334,605	3,071,920	2,476,430
Net income	1,291,461	1,033,615	806,158	1,186,955
Earnings per common share:				
Basic	$ .41	$ .33	$ .26	$ .42
Diluted	.40	.32	.26	.41

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 2000 Annual Meeting of Stockholders (the "2000 Proxy Statement"), which 2000 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 2000 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 2000 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 2000 Proxy Statement.

PART IV

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

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

1. Financial Statements

The following consolidated financial statements of Koss Corporation are set forth on pages 13 to 25:

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

3. Exhibits Filed

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

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

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

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

10.22 Amendment to Lease.

22 List of Subsidiaries of Koss Corporation.

27 Financial Data Schedule.

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 10 present fairly, in all material respects, the financial position of Koss Corporation and its subsidiaries at June 30, 2000 and 1999, and the results of their operations and their cash flows for each of the three years in the period ended June 30, 2000, 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 14, 2000

CONSOLIDATED STATEMENTS OF INCOME

Year Ended June 30,	2000	1999	1998
Net sales	$34,874,972	$33,188,174	$40,638,747
Cost of goods sold	21,316,956	20,332,280	24,843,968
Gross profit	13,558,016	12,855,894	15,794,779
Selling, general and administrative expense	6,947,013	7,225,340	7,822,338
Income from operations	6,611,003	5,630,554	7,972,441
Other income (expense)			
Royalty income	1,283,563	1,403,194	1,206,359
Interest income	102,139	33,373	55,234
Interest expense	(24,244)	(67,932)	(308,405)
Income before income taxes	7,972,461	6,999,189	8,925,629
Provision for income taxes (note 5)	3,019,000	2,681,000	3,448,000
Net income	$ 4,953,461	$ 4,318,189	$ 5,477,629
Earnings per common share:			
Basic	$1.95	$1.41	$1.68
Diluted	$1.90	$1.39	$1.65
Dividends per common share	None	None	None

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

CONSOLIDATED BALANCE SHEETS

As of June 30,	2000	1999
ASSETS		
Current Assets:		
Cash	$3,164,401	$ 1,171,504
Accounts receivable, less allowances of $252,194 and $447,644, respectively (note 11)	8,228,185	7,407,539
Inventories	9,414,036	12,955,118
Prepaid expenses	562,028	513,900
Income taxes receivable	244,755	266,329
Deferred income taxes (note 5)	638,973	353,946
Total current assets	22,252,378	22,668,336
Equipment and Leasehold Improvements, at cost:		
Leasehold improvements	852,096	748,647
Machinery, equipment, furniture and fixtures	4,910,652	4,778,741
Tools, dies, molds and patterns	8,689,732	8,575,472
	14,452,480	14,102,860
Less--accumulated depreciation	12,888,178	12,233,262
	1,564,302	1,869,598
Deferred Income Taxes (note 5)	488,135	479,135
Other Assets	739,492	704,627
	$25,044,307	$25,721,696
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
Current Liabilities:		
Accounts payable	$ 570,567	$ 791,785
Accrued liabilities (note 6)	1,007,443	891,392
Total current liabilities	1,578,010	1,683,177
Deferred Compensation and Other Liabilities (note 10)	1,482,664	1,367,584
Contingently Redeemable Equity Interest (note 4)	1,490,000	1,490,000
Commitments and Contingencies (note 10)		
Stockholders' Investment (note 4):		
Common stock, $.01 par value, authorized 8,500,000 shares; issued and outstanding 2,349,369 and 2,711,119 shares, respectively	23,494	27,111
Contingently redeemable common stock	(1,490,000)	(1,490,000)
Accumulated other comprehensive loss	--	(71,322)
Undistributed retained earnings	21,960,139	22,715,146
Total stockholders' investment	20,493,633	21,180,935
	$25,044,307	$25,721,696

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year Ended June 30,	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$4,953,461	$4,318,189	$5,477,629
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	663,422	638,897	676,673
Deferred income taxes	(294,027)	87,000	95,000
Deferred compensation	115,080	115,080	115,080
Other	71,322	--	--
Net changes in operating assets and liabilities (note 7)	2,545,344	4,893,225	(4,524,632)
Net cash provided by operating activities	8,054,602	10,052,391	1,839,750
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of equipment and leasehold improvements	(349,620)	(421,251)	(221,560)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Repayments under line of credit agreement	--	(9,443,000)	(24,385,400)
Borrowings under line of credit agreement	--	6,697,000	25,910,400
Exercise of stock options	774,262	214,365	3,822,600
Purchase and retirement of treasury stock	(6,486,347)	(5,942,779)	(6,983,563)
Net cash used in financing activities	(5,712,085)	(8,474,414)	(1,635,963)
Net increase (decrease) in cash	1,992,897	1,156,726	(17,773)
Cash at beginning of year	1,171,504	14,778	32,551
Cash at end of year	$ 3,164,401	$ 1,171,504	$ 14,778

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

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' INVESTMENT

	Common Stock	Paid In Capital	Undistributed Retained Earnings	Accumulated Other Comprehensive Loss
Balance, June 30, 1997	$ 33,238	$ 2,328,677	$19,473,901	$(71,322)
Net income	-	-	5,477,629	-
Purchase and retirement of treasury stock	(5,478)	(6,147,264)	(830,821)	-
Exercise of stock options	4,013	3,818,587	-	-
Balance, June 30, 1998	31,773	-	24,120,709	(71,322)
Net income	-	-	4,318,189	-
Purchase and retirement of treasury stock	(4,887)	-	(5,937,892)	-
Exercise of stock options	225	-	214,140	-
Balance, June 30, 1999	27,111	-	22,715,146	(71,322)
Net income	-	-	4,953,461	-
Purchase and retirement of treasury stock	(4,355)	-	(6,481,992)	-
Exercise of stock options	738	-	773,524	-
Foreign currency translation adjustment	-	-	-	71,322
Balance, June 30, 2000	$ 23,494	$ -	$21,960,139	$ -

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 more than 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 9% and 20% of the Company's accounts receivable at June 30, 2000 and 1999, 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 upon shipment of goods to customers.

ROYALTY INCOME--The Company recognizes royalty income when earned under terms of license agreements, which expire in 2000 and 2003. These agreements contain three to five year renewal options and require minimum calendar year 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 $1,076,111 and $1,021,989 higher than reported at June 30, 2000 and 1999, respectively.

The components of inventories at June 30 is as follows:

	2000	1999
Raw materials and work in process	$ 3,903,626	$ 4,302,921
Finished goods	5,510,410	8,652,197
	$ 9,414,036	$12,955,118

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 $227,000 in 2000, $243,000 in 1999, and $265,000 in 1998.

FAIR VALUE OF FINANCIAL INSTRUMENTS--Cash, accounts receivable, accounts payable and accrued liabilities recorded in the consolidated balance sheets approximate fair value based on the short maturity of these instruments. Amounts recorded for long-term debt, deferred compensation and other liabilities are estimated to approximate fair value based on market conditions and interest rates available to the Company for similar financial instruments.

USE OF ESTIMATES--The preparation of financial statements in conformity with generally accepted accounting principles 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.

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, 2000, 1999, and 1998 were 2,542,768, 3,072,500, and 3,263,842, respectively. When dilutive, stock options are included in earnings per share as share equivalents using the treasury stock method. Common stock equivalents of 59,716, 39,327, and 64,889 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, 2000, 1999, and 1998, respectively.

3. LONG-TERM DEBT

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

4. STOCK OPTIONS AND STOCK PURCHASE AGREEMENTS

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

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

	Number of Shares	Range of Exercise Prices per Share	Weighted Average Exercise Price
Shares under option at July 1, 1997	536,250	$ 2.50-$11.22	$ 7.56
Granted	55,000	$ 10.83-$11.91	$ 11.22
Exercised	(401,250)	$ 2.50-$10.55	$ 7.37
Shares under option at June 30, 1998	190,000	$ 5.32-$11.91	$ 9.02
Granted	110,000	$ 10.00-$11.83	$ 11.42
Exercised	(22,500)	$ 5.32-$10.83	$ 8.36
Cancelled	(8,750)	$ 5.32-$10.83	$ 9.86
Shares under option at June 30, 1999	268,750	$ 5.32-$11.91	$ 10.03
Granted	60,000	$ 13.45-$14.80	$ 14.24
Exercised	(73,750)	$ 5.32-$10.83	$ 7.85
Cancelled	(7,500)	$ 10.00	$ 10.00
Shares under option at June 30, 2000	247,500	$ 5.32-$14.80	$ 11.70
Options exercisable at June 30, 2000	68,125	$ 5.32-$11.91	$ 10.16

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 2000, 1999, and 1998 was $9.28, $8.02, and $6.95, 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 2000 and 1999 was $6.66 and $5.38, respectively. There were no options granted in 1998 at an exercise price which was less than the market price of the stock on the grant date.

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

The Company currently accounts for its stock-based compensation plans using the provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" (APB 25). In 1995, the FASB issued Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS 123). Under the provisions of SFAS 123, companies can elect to account for stock-based compensation plans using a fair-value-based method or continue measuring compensation expense for those plans using the intrinsic value method prescribed in APB 25. SFAS 123 requires that companies electing to continue using the intrinsic value method must make pro forma disclosures of net income and earnings per share as if the fair-value-based method of accounting had been applied. The Company has adopted the disclosure-only provisions of SFAS 123; accordingly, no compensation cost has been recognized for options granted under the stock-based compensation plan. Had compensation cost been determined based on the fair value at the grant date for awards in 2000, 1999 and 1998 consistent with the provisions of SFAS 123, the Company's pro forma net income and earnings per share would have been as presented below:

	2000	1999	1998
Net income - as reported	$4,953,461	$4,318,189	$5,477,629
Net income - pro forma	4,602,345	4,073,710	5,318,518
Earnings per common share - as reported			
Basic	$ 1.95	$ 1.41	$ 1.68
Diluted	1.90	1.39	1.65
Earnings per common share - pro forma			
Basic	$ 1.81	$ 1.33	$ 1.63
Diluted	1.77	1.31	1.60

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:

	2000	1999	1998
Expected stock price volatility	56.09%	60.00%	69.17%
Risk free interest rate	6.54%	5.17%	5.72%
Expected life of options	5.25 years	4.95 years	5.91 years

5. INCOME TAXES

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

The provision for income taxes in 2000, 1999, and 1998 consists of the following:

Year Ended June 30,	2000	1999	1998
Current:			
Federal	$2,788,027	$2,200,000	$2,839,000
State	525,000	394,000	514,000
Deferred	(294,027)	87,000	95,000
	$3,019,000	$2,681,000	$3,448,000

The 2000, 1999, and 1998 tax provision results in an effective rate different than the federal statutory rate due to the following:

Year Ended June 30,	2000	1999	1998
Federal income tax at statutory rate	$2,711,000	$2,380,000	$3,035,000
State income taxes, net of federal tax benefit	346,000	260,000	339,000
Other	(38,000)	41,000	74,000
Total provision for income taxes	$3,019,000	$2,681,000	$3,448,000

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

	2000	1999
Deferred Tax Assets		
Deferred compensation	$ 400,000	$ 359,000
Accrued expenses and reserves	612,000	406,000
Package design and trademarks	190,000	179,000
Other	9,000	9,000
	1,211,000	953,000
Deferred Tax Liabilities		
Royalties receivable/deferred	(56,000)	(62,000)
Equipment and leasehold improvements	(28,000)	(58,000)
Net deferred tax asset	$1,127,000	$ 833,000

The net deferred tax asset at June 30, 2000 is comprised of a current asset of $638,973 and a long term asset of $488,135. The net deferred tax asset at June 30, 1999 is comprised of a current asset of $353,946 and a long term asset of $479,135.

6. ACCRUED LIABILITIES

Accrued liabilities at June 30 consist of the following:

	2000	1999
Salaries and wages	$ 325,302	$ 380,591
Cooperative advertising and promotion allowances	305,126	205,776
Payroll taxes and employee benefits	180,216	173,670
Other	196,799	131,355
	$1,007,443	$ 891,392

7. ADDITIONAL CASH FLOW INFORMATION

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

	2000	1999	1998
Accounts receivable	$ (820,646)	$ 980,300	$(1,395,326)
Inventories	3,541,082	6,530,940	(4,938,405)
Prepaid expenses	(48,128)	34,992	55,105
Income taxes	21,574	(943,856)	743,020
Other assets	(43,371)	(120,750)	(50,599)
Accounts payable	(221,218)	(1,165,092)	1,215,231
Deferred revenue	-	-	(473,482)
Accrued liabilities	116,051	(423,309)	319,824
Net change	$ 2,545,344	$ 4,893,225	$(4,524,632)

	2000	1999	1998
Net cash paid during the year for:			
Interest	$ 24,244	$ 93,135	$ 241,687
Income taxes	$3,291,453	$3,563,054	$1,771,313

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 $0 in 2000, $200,000 in 1999, and $216,000 in 1998.

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 2000, 1999, and 1998, the matching contribution was 100% of employee contributions to the plan, not to exceed 10% of the employee's annual compensation. Vesting of Company contributions occurs immediately. Contributions for the years ended June 30, 2000, 1999, and 1998 were $180,000, $182,155, and $170,600, respectively.

9. INDUSTRY SEGMENT INFORMATION, FOREIGN OPERATIONS AND SIGNIFICANT CUSTOMERS

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

The Company's export sales to customers in foreign countries amounted to $3,129,872 during 2000, $2,845,529 during 1999, and $5,245,982 during 1998.

Sales to one customer, Tandy Corporation, were approximately 16% of total sales for the year ended June 30, 2000, and 17% and 19% for the years ended June 30, 1999, and 1998, respectively.

10. COMMITMENTS AND CONTINGENCIES

The Company leases its main plant and offices in Milwaukee, Wisconsin from its Chairman. On June 25, 1993, the lease was renewed for a period of ten years, and is being accounted for as an operating lease. The lease extension increases the rent from $280,000 per year (plus Consumer Price Index increase in 1994) 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 $380,000 in 2000, $388,000 in 1999, and $394,000 in 1998.

In 1991, the Board of Directors agreed to continue John C. Koss' current base salary in the event he becomes disabled prior to age 70. After age 70, Mr. Koss shall receive his current base salary for the remainder of his life, whether he becomes disabled or not. Mr. Koss turned 70 this year and the Company is currently recognizing an annual expense of $150,000 in connection with this agreement. At June 30, 2000 and 1999, respectively, the related liabilities in the amounts of $1,045,310 and $930,230 have been included in deferred compensation and other liabilities in the accompanying consolidated balance sheets.

11. SUPPLEMENTARY INFORMATION

Changes in the allowance for doubtful accounts for the years ended June 30, 2000, 1999, and 1998 are summarized as follows:

Year Ending	Balance at Beginning of Period	Charges Against/ (Credits) To Income	Deductions*	Balance at End of Period
2000	$447,644	($37,178)	$158,272	$252,194
1999	$556,290	$254,000	$362,646	$447,644
1998	$928,605	$310,000	$682,315	$556,290

*Represents charges against the allowance, net of recoveries.

The amounts included for advertising in selling, general and administrative expenses in the accompanying statements of income were $235,257 in 2000, $331,890 in 1999, and $397,033 in 1998. Such costs are expensed as incurred.

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: 9/22/00

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

By: /s/ Sujata Sachdeva Dated: 9/22/00

Sujata Sachdeva,
Vice President - Finance
Principal Accounting Officer

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

/s/ John C. Koss
John C. Koss, Director
Dated: 9/22/00

/s/ Michael J. Koss
Michael J. Koss, Director
Dated: 9/22/00

/s/ Martin F. Stein
Martin F. Stein, Director
Dated: 9/22/00

/s/ Victor L. Hunter
Victor L. Hunter, Director
Dated: 9/22/00

/s/ John J. Stollenwerk
John J. Stollenwerk, Director
Dated: 9/22/00

/s/ Lawrence S. Mattson
Lawrence S. Mattson, Director
Dated: 9/22/00

/s/ Thomas L. Doerr
Thomas L. Doerr, Director
Dated: 9/22/00

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

OFFICERS AND
SENIOR MANAGEMENT

John C. Koss
Chairman of the Board

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

John C. Koss, Jr.
Vice President-Sales

Sujata Sachdeva
Vice President-Finance

Jill McCurdy
Vice President-Product Development

Lenore Lillie
Vice President-Operations

Richard W. Silverthorn
Secretary
General Counsel

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 19, 2000
Performance Center
Koss Corporation
4129 N. Port Washington Avenue
Milwaukee, WI 53212

TRANSFER AGENT

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

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

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP
Milwaukee, Wisconsin

LEGAL COUNSEL

Whyte Hirschboeck Dudek S.C.

EXHIBIT INDEX

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

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

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

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

(16) 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)

(17) 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)

(18) 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)

(19) 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)

(20) 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)

(21) 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)

ANNUAL REPORT
2000

EXPAND
THE POSSIBILITIES

[KOSS STEREOPHONES LOGO]

MESSAGE TO STOCKHOLDERS

Dear Stockholder:

We are very pleased with the results for the fiscal year ending June 30, 2000.

Sales for the fiscal year were $34,874,972 compared with $33,188,174 for the previous fiscal year, an increase of 5%. Net income increased 15% for the twelve months reaching $4,953,461 compared with $4,318,189 for the year ending June 30, 1999. Basic earnings per share for the twelve months ending June 30, 2000 were $1.95, a 38% increase compared with $1.41 for the same period one year ago.

The company's emphasis on new products and product placements continued to show favorable results. Although this is the second consecutive year that Koss has experienced pressure on stereophone price points at U.S. retail accounts, the company has been recording higher unit sell through at popular price points which has increased unit sales 14% resulting in a 5% increase in sales revenue dollars. In light of this change in market conditions, the fact that we have increased our net income is a testament to the company's ability to productively leverage our operations effectively.

The cost of sales for the year was burdened by increases in transportation costs relating to higher freight rates. The company lowered material costs, improved assembly quality and increased manufacturing throughput, which eliminated labor variance to help offset the rising cost of freight. The net result was a slight improvement in gross margin percentages over the prior fiscal year.

Our licensing agreements with Orient Power and Logitech continued to be strong in 2000. The company's royalty income was $1,283,563. In the years ahead we look forward to extending new agreements to include additional product lines and expanded geographic markets.

Koss remains committed to its core Stereophone business and improvements in new product development and placement in both current and new accounts will continue to positively impact fiscal year 2001. The company will continue with its stock buyback program through the repurchase of undervalued shares of Koss common stock from the marketplace.

We would like to take this opportunity to thank our customers, suppliers and stockholders as well as the entire Koss team for their dedication to the current and future success of Koss Corporation.

Sincerely,

/s/ John C. Koss	/s/ Michael J. Koss
John C. Koss	Michael J. Koss
Chairman	President and CEO

STOCKHOLDERS INFORMATION

Koss Corporation's 2000 Annual Report is presented in a simple, readable and functional style. This Annual Report contains condensed financial statements only. The detailed financial statements including footnotes are included in the Form 10-K which will be provided to all stockholders along with the 2000 Annual Report. The Company believes this manner of presentation provides a concise summary for those who want to be kept informed while at the same time allowing those who feel it necessary the opportunity to investigate further.

Koss Corporation common stock is traded on the Over the Counter market and quotations are available through the National Market System. The trading symbol is KOSS. For additional Annual Reports, Form 10-K's or Proxy materials write to:

Investment Relations
Koss Corporation
4129 N. Port Washington Ave.
Milwaukee, WI 53212

REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Stockholders of Koss Corporation

We have audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheets of Koss Corporation and its subsidiaries as of June 30, 2000 and 1999, and the related consolidated statements of income, of stockholders' investment and of cash flows for each of the three years in the period ended June 30, 2000 (not presented herein); and in our report dated July 16, 2000, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

PricewaterhouseCoopers LLP
Milwaukee, Wisconsin

July 16, 2000

CONSOLIDATED STATEMENTS OF INCOME

Year Ended June 30,	2000	1999	1998
Net sales	$34,874,972	$33,188,174	$40,638,747
Cost of goods sold	21,316,956	20,332,280	24,843,968
Gross profit	13,558,016	12,855,894	15,794,779
Selling, general and administrative expense	6,947,013	7,225,340	7,822,338
Income from operations	6,611,003	5,630,554	7,972,441
Other income (expense)			
Royalty income	1,283,563	1,403,194	1,206,359
Interest income	102,139	33,373	55,234
Interest expense	(24,244)	(67,932)	(308,405)
Income before income taxes	7,972,461	6,999,189	8,925,629
Provision for income taxes	3,019,000	2,681,000	3,448,000
Net income	$ 4,953,461	$ 4,318,189	$ 5,477,629
Earnings per common share:			
Basic	$1.95	$1.41	$1.68
Diluted	$1.90	$1.39	$1.65
Dividends per common share	None	None	None

CONSOLIDATED BALANCE SHEETS

As of June 30,	2000	1999
ASSETS		
Current Assets:		
Cash:	$ 3,164,401	$ 1,171,504
Accounts receivable, less allowances of $252,194 and $467,644, respectively	8,228,185	7,407,539
Inventories	9,414,036	12,955,118
Prepaid expenses	562,028	513,900
Income taxes receivable	244,755	266,329
Deferred income taxes	638,973	353,946
Total current assets	22,252,378	22,668,336
Equipment and Leasehold Improvements, at cost:		
Leasehold improvements	852,096	748,647
Machinery, equipment, furniture and fixtures	4,910,652	4,778,741
Tools, dies, molds and patterns	8,689,732	8,575,472
	14,452,480	14,102,860
Less--accumulated depreciation	12,888,178	12,233,262
	1,564,302	1,869,598
Deferred Income Taxes	488,135	479,135
Other Assets	739,492	704,627
	$25,044,307	$25,721,696
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
Current Liabilities:		
Accounts payable	$ 570,567	$ 791,785
Accrued liabilities	1,007,443	891,392
Total current liabilities	1,578,010	1,683,177
Deferred Compensation and Other Liabilities	1,482,664	1,367,584
Contingently Redeemable Equity Interest	1,490,000	1,490,000
Stockholders' Investment:		
Common stock, $.01 par value, authorized 8,500,000 shares; issued and outstanding 2,349,369 and 2,711,119 shares, respectively	23,494	27,111
Contingently redeemable common stock	(1,490,000)	(1,490,000)
Accumulated other comprehensive loss	0	(71,322)
Retained earnings	21,960,139	22,715,146
Total stockholders' investment	20,493,633	21,180,935
	$25,044,307	$25,721,696

MANAGEMENT INFORMATION

OFFICERS AND SENIOR MANAGEMENT

John C. Koss
Chairman of the Board

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

John C. Koss, Jr.
Vice President-Sales

Sujata Sachdeva
Vice President- Finance

Jill McCurdy
Vice President- Product Development

Lenore Lillie
Vice President- Operations

Richard W. Silverthorn
Secretary
General Counsel

Declan Hanley
Vice President-International Sales

INDEPENDENT ACCOUNTANTS

PricewaterhouseCoopers LLP
Milwaukee, Wisconsin

LEGAL COUNSEL

Whyte Hirschboeck Dudek S.C.

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 19, 2000
Performance Center
Koss Corporation
4129 N. Port Washington Avenue
Milwaukee, WI 53212

TRANSFER AGENT

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

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

[KOSS STEREOPHONES LOGO]

4129 N. Port Washington Avenue - Milwaukee, Wisconsin 53212
(414) 964-5000   WWW.KOSS.COM

AMENDMENT NO. 5 TO LOAN AGREEMENT

THIS AMENDMENT NO. 5 TO LOAN AGREEMENT (the "Amendment") is made and entered into as a December 15, 1999, 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").

WITNESSETH:

WHEREAS, 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, and as further amended by that certain Amendment No.4 to Loan Agreement dated April 29, 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

WHEREAS, Borrower has requested Lender to extend the Maturity Date of the Revolving Loan to November 1, 2001, 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 decided 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, 2001 (the "Revolver Termination Date"); (iii) notwithstanding any provision herein to the contrary (1) upon the occurence 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, 2001;

3. Borrower has reviewed the areas within its business and operations which could be adversely affected by, and has developed or is developing a program to address on a timely basis, the "Year 2000 Problem" (that is, the risk that computer applications used by Borrower may be unable to recognize and perform properly date-sensitive functions involving certain dates prior to and any date on or after December 31, 1999), and has made related appropriate inquiry of material suppliers and vendors. Based on such review and program, Borrower believes that the "Year 2000 Problem" will not have a material adverse effect on the Borrower. From time to time, at the request of Lender, Borrower shall provide to Lender such updated information or documentation as is requested regarding the status of its efforts to address the Year 2000 problem.

4. Borrower shall deliver to Lender as a condition to Lender's undertakings as provided hereunder, note amendments, 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 included the amendments thereto.

6. All of the agreements, representations, covenants and obligations set forth in the Loan Agreement are 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. 5 to be duly executed and delivered at Chicago, Illinois, as of the date first above written.

LaSALLE BANK NATIONAL ASSOCIATION	KOSS CORPORATION
By: James J. Hess	By: Michael J. Koss
Title: Vice President	Title: CEO/President
	ATTEST:
	By: Richard W. Silverthorn
	Title: Secretary and General Counsel

THIRD LEASE AMENDMENT

THIS THIRD LEASE AMENDMENT made as of the 25th day of June, 1993, by and between JOHN C. KOSS, hereinafter referred to as "Landlord", and KOSS CORPORATION, hereinafter referred to as "Tenant".

RECITALS

Under date of December 31, 1985, Hi-Tran, Inc., as landlord, and Temant entered into a written lease (the "Original Lease") for the premises commonly known as 4129 North Port Washington Road and 4189 North Port Washington Road in the city of Milwaukee as more particularly described on Exhibit A attached to the Original Lease (the "Leased Premises"0. The original Lease was amended by instrument dated February 28, 1986 (the "First Amendment") and instrument dated December , 1987 (the "Second Amendment"). The original Lease, First Amendment and Second Amendment are hereinafter sometimes referred to as the "Lease".

Landlord is the successor in interest to the original landlord under the Lease and is presently the owner of the Leased Premises.

It is now the intention of Landlord and Tenant to amend the Lease as hereinafter set forth.

AMENDMENT

In consideration of the above premises, $10.00 and other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties agree to the following.

1.

The term of the Lease is hereby extended and, as extended, shall expire on 11:59 p.m., June 30, 2003. Tenant's option to extend the term as set forth in Paragraph 3 of the Second Amendment is hereby extinguished and shall be of no further force and effect.

2.

The provisions set forth in the Lease respecting rental are hereby modified as follows:

A. For the period commencing July 1, 1993 and ending June 30, 1996, Tenant shall pay to Landlord an annual rental of $35,000.00 in monthly payments of $29,166.67 payable in advance on or before the first day of each and every month during such period.

B. For the period commencing July 1, 1996 and ending June 30, 2003, Tenant shall pay to Landlord an annual rental of $380,000.00 in monthly payments of $31,666.67 payable in advance on or before the first day of each and every month during such period.

3.

Tenant's right to participate in the net proceeds of sale of the Leased Premises should the same be sold during the term as set forth in Paragraph 4 of the Second Amendment is hereby extinguished and shall be of no further force and effect.

4.

The Leased Premises as described on Exhibit A attached to the Original Lease consists of two parcels. Parcel 1 as described on Exhibit A is approximately 5.30 acres in area and an office/manufacturing/warehouse building is situated thereon. Parcel 2 as described on Exhibit A is approximately 14.85 acres in area and is partially improved by a parking lot having a capacity for approximately 300 cars which provides parking for Tenant and its employees and customers (the "Parking Area"). Landlord shall have the option exercisable at any time during the term on sixty (60) days prior written notice to Tenant to delete from the Leased Premises that portion of parcel 2 which does not now constitute part and parcel of the Parking Area. The Lease shall continue in full force and effect from and after the deletion of such portion of Parcel 2 from the Leased Premises with respect to the balance of the Leased Premises and such deletion shall in no way affect or diminish the amount of rental payable by Tenant to Landlord or any other of Tenant's obligations under the terms, conditions and provisions as contained in the Lease.

5.

The Lease and all of the terms, conditions and provisions contained therein shall remain in full force and effect except as herein expressly modified.

SIGNED AND SEALED as of the day and year first written above.

/s/ John C. Koss

John C. Koss

LANDLORD

KOSS CORPORATION

By: /s/ Michael J. Koss

President

Attest: /s/ Richard W. Silverthorn

Secretary

TENANT

5

YEAR
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JUL-01-1999
JUN-30-2000
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