SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 for the quarterly period ended September 30, 2001

OR

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

Commission File Number 0-3295

KOSS CORPORATION
(Exact Name of Registrant as Specified in its Charter)

A DELAWARE CORPORATION — 39-1168275
(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 office) (Zip Code)

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

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

At September 30, 2001, there were 1,839,527 shares outstanding of the Registrant's common stock, $0.01 par value per share.

KOSS CORPORATION AND SUBSIDIARIES
FORM 10-Q
September 30, 2001

INDEX

KOSS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	September 30, 2001	June 30, 2001
ASSETS		
Current Assets:		
Cash	$ 336,317	$ 181,678
Accounts receivable	9,006,711	8,247,045
Inventories	7,998,156	8,496,010
Income taxes receivable	--	480,322
Other current assets	1,166,864	934,934
Total current assets	18,508,048	18,339,989
Property and Equipment, net	1,694,663	1,690,628
Other Assets	1,465,711	1,465,711
	$21,668,422	$21,496,328
LIABILITIES AND STOCKHOLDERS' INVESTMENT		
Current Liabilities:		
Accounts payable	$ 1,896,140	$ 2,062,476
Accrued liabilities	1,461,778	1,551,679
Income taxes payable	26,724	--
Dividends payable	462,891	--
Total current liabilities	3,847,533	3,614,155
Long-Term Debt	3,465,400	--
Deferred Compensation	1,044,160	1,015,390
Other Liabilities	437,354	437,354
Contingently Redeemable Equity Interest	1,490,000	1,490,000
Stockholders' Investment	11,383,975	14,939,429
	$21,668,422	$21,496,328

See accompanying notes.

KOSS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

Three Months Ended September 30	2001	2000
Net sales	$ 8,951,411	$ 9,879,638
Cost of goods sold	5,499,520	5,927,391
Gross profit	3,451,891	3,952,247
Selling, general and administrative expense	1,925,964	2,049,787
Income from operations	1,525,927	1,902,460
Other income (expense)		
Royalty income	167,714	293,888
Interest income	7,281	45,387
Interest expense	(10,964)	(7,816)
Income before income tax provision	1,689,958	2,233,919
Provision for income taxes	659,084	849,928
Net income	$ 1,030,874	$ 1,383,991
Earnings per common share:		
Basic	$0.54	$0.62
Diluted	$0.50	$0.59
Dividends per common share	$0.25	None

See accompanying notes.

KOSS CORPORATION AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

Three Months Ended September 30	2001	2000
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 1,030,874	$ 1,383,991
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	154,785	180,959
Deferred compensation	28,770	28,770
Net changes in operating assets and liabilities	(242,933)	635,846
Net cash provided by operating activities	971,496	2,229,566
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of equipment and leasehold improvements	(158,820)	(119,329)
Net cash used in investing activities	(158,820)	(119,329)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments under line of credit agreements	(615,000)	--
Borrowings under line of credit agreements	4,080,400	--
Purchase of common stock for treasury	(3,391,312)	--
Purchase and retirement of common stock	(844,325)	(3,987,125)
Exercise of stock options	112,200	76,288
Net cash used in financing activities	(658,037)	(3,910,837)
Net increase (decrease) in cash	154,639	(1,800,600)
Cash at beginning of period	181,678	3,164,401
Cash at end of period	$ 336,317	$ 1,363,801

The Company paid $462,891 in dividends to stockholders in October 2001 which is not included in cash flows from financing activities for the quarter ended September 30, 2001.

See accompanying notes.

KOSS CORPORATION AND SUBSIDIARIES
September 30, 2001
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

The financial statements presented herein are based on interim amounts. In the opinion of management, all adjustments (consisting only of normal recurring accruals) necessary to present fairly the financial position, results of operations and cash flows at September 30, 2001 and for all periods presented have been made. The income from operations for the quarter ended September 30, 2001 is not necessarily indicative of the operating results for the full year.

Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted. It is suggested that these condensed consolidated financial statements be read in conjunction with the financial statements and notes thereto included in the Registrant's June 30, 2001, Annual Report on Form 10-K.

2. EARNINGS PER COMMON SHARE AND STOCK SPLIT

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 quarters ending September 30, 2001 and 2000 were 1,917,806 and 2,236,893, respectively. When dilutive, stock options are included as share equivalents using the treasury stock method. Common stock equivalents of 123,889 and 90,956 related to stock option grants were included in the computation of the average number of shares outstanding for diluted earnings per share for the quarters ended September 30, 2001 and 2000, respectively.

On October 2, 2001, the Company issued a Press Release declaring a 2 for 1 split of the Company's common stock for stockholders of record on October 22, 2001 with the effective date being November 5, 2001. Had this stock split been effective prior to September 30, 2001, the number of outstanding common shares would have increased to 3,679,054 and earnings per common share basic and diluted for the quarters ending September 30, 2001 and 2000, on a pro forma basis would have been as follows:

September 30	2001	2000
Basic	$ 0.27	$ 0.31
Diluted	$ 0.25	$ 0.30

Subsequent to the effective date of this common stock split all historical earnings per common share amounts disclosed in the future will be restated to give effect to this common stock split.

3. INVENTORIES

The classification of inventories is as follows:

	September 30, 2001	June 30, 2001
Raw materials and work in process	$ 2,439,787	$ 3,064,147
Finished goods	6,539,387	6,412,881
	8,979,174	9,477,028
LIFO Reserve	(981,018)	(981,018)
	$ 7,998,156	$ 8,496,010

4. STOCK PURCHASE AGREEMENT

The Company has an agreement with its Chairman to repurchase 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 the 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. At September 30, 2001 and June 30, 2001, $1,490,000 has been classified as a Contingently Redeemable Equity Interest reflecting the estimated obligation in the event of execution of the agreement.

5. RECLASSIFICATIONS

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

6. 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. The statements will be effective for the Company as of July 1, 2002 for existing goodwill and intangible assets and for business combinations initiated after June 30, 2001. The 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 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 April 2001, the EITF reached a consensus on EITF Issue No. 00-25, "Accounting for Consideration from a Vendor to a Retailer in Connection with the Purchase or Promotion of the Vendor's Products." This issue requires that consideration from a vendor to a retailer (a) in connection with the retailer's purchase of the vendor's products or (b) to promote sales of the vendor's products by the retailer be classified as a reduction of net sales unless the consideration meets certain criteria. EITF No. 00-25 is effective for the Company's fiscal quarters beginning after December 15, 2001 and requires reclassification of prior periods. The Company is currently evaluating the impact of implementing EITF No. 00-25.

7. SUBSEQUENT EVENT

On October 29, 2001, the Company declared a quarterly cash dividend of $0.12 per share for stockholders of record on December 31, 2001 to be paid January 15, 2002, which dividend reflects the effect of the 2 for 1 stock split referenced in the Company's October 2, 2001 Press Release.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Financial Condition and Liquidity

Cash provided by operating activities during the three months ended September 30, 2001 amounted to $971,496. This was a result of net income for the period offset by changes in operating assets and liabilities, primarily related to increases in accounts receivable and income taxes payable and decreases in inventories and accounts payable.

Capital expenditures for new property and equipment (including production tooling) were $158,820 for the quarter. Budgeted capital expenditures for fiscal year 2002 are $1,239,865. The Company expects to generate sufficient funds through operations to fund these expenditures.

Stockholders' investment decreased to $11,383,975 at September 30, 2001, from $14,939,429 at June 30, 2001. The decrease reflects the effect of net income, the purchase and retirement of common stock, the purchases of common stock for treasury, dividends declared and not paid, and the exercise of stock options for the quarter.

The Company amended its existing credit facility in October 2001, extending the maturity date of the unsecured line of credit to November 1, 2002. 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. Outstanding draws on this credit facility at September 30, 2001 was $3,465,400. There was no utilization of this credit facility at June 30, 2001.

In April of 1995, the Board of Directors approved a stock repurchase program authorizing the Company to purchase from time to time up to $2,000,000 of its common stock for its own account. In January of 1996, the Board of Directors approved an increase in the stock repurchase program from $2,000,000 to $3,000,000. In July of 1997, the Board of Directors again approved an increase in the stock repurchase program from $3,000,000 to $5,000,000. In January of 1998, the Board of Directors approved an increase of an additional $2,000,000, increasing the total stock repurchase program from $5,000,000 to $7,000,000. In August of 1998, the Board of Directors approved an increase of $3,000,000 in the Company's stock repurchase program, thereby increasing the total amount of stock repurchases from $7,000,000 to $10,000,000. In April of 1999, the Board of Directors again approved an increase in the stock repurchase program from $10,000,000 to $15,000,000. In October of 1999, the Board of Directors increased the stock repurchase program by another $5,000,000, up to a maximum of $20,000,000, and in July of 2000 the Board increased the program by an additional $5,000,000, for a maximum of $25,000,000. In January of 2001, the Board of Directors approved an increase in the stock repurchase program from $25,000,000 to $28,000,000, another increase in April of 2001 of an additional $3,000,000, and an additional increase of $3,000,000 in July of 2001 for a maximum of $34,000,000. The Company intends to effectuate all stock purchases either on the open market or through privately negotiated transactions, and intends to finance all stock purchases through its own cash flow or by borrowing for such purchases.

For the quarter ended September 30, 2001, the Company purchased 103,851 shares of its common stock at an average gross price of $40.79 per share (and an average net price of $39.71 per share), and retired all such shares except 83,851 of such shares which are being held as treasury shares.

From the commencement of the Company's stock repurchase program through September 30, 2001, the Company has purchased and retired a total of 2,381,590 shares for a total gross purchase price of $37,396,245 (representing an average gross purchase price of $15.70 per share) and a total net purchase price of $33,560,472 (representing an average net purchase price of $14.09 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 also has an Employee Stock Ownership and Trust ("ESOP") pursuant to which shares of the Company's stock are purchased by the ESOP for allocation to the accounts of ESOP participants. For the quarter ended September 30, 2001, the ESOP did not purchase any shares of the Company's stock.

Results of Operations

Net sales for the first quarter ended September 30, 2001 were $8,951,411 compared with $9,879,638 for the same period in 2000, a decrease of $928,227. This was due to slight softening of sales during July and August coupled with the loss of store traffic during the final three weeks of September, which resulted in vastly reduced retail sales that impacted automatic product replenishment.

Gross profit as a percent of net sales decreased to 39% for the quarter ended September 30, 2001 compared with 40% in the prior year, as a result of a lower rate of overhead absorption from declining sales.

Selling, general and administrative expenses for the quarter ended September 30, 2001 were $1,925,964 or 22% of net sales, compared to $2,049,787 or 21% of net sales for the same period in 2000.

Interest expense amounted to $10,964 for the quarter as compared to $7,816 for the same period in the prior year. This increase is due to higher levels of borrowings.

The Company has a License Agreement with Jiangsu Electronics Industries Limited ("Jiangsu"), a subsidiary of Orient Power Holdings Limited, by way of an assignment of a previously existing License Agreement with Trabelco N.V. Orient Power is based in Hong Kong and has an extensive portfolio of audio and video products. This License Agreement covers the United States, Canada, and Mexico, and has been renewed through December 31, 2002. Pursuant to this License Agreement, Jiangsu has agreed to meet certain minimum royalty amounts each year. The products covered by this License Agreement include various consumer electronics products. Royalty income from the licensing agreement with Jiangsu was dramatically affected by the depressed market conditions resulting in a reduction in royalty payments of 43% from $293,888 for the quarter ended September 30, 2000 to $167,714 for the quarter ended September 30, 2001.

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.

On July 25, 2001, the Company issued a Press Release declaring a quarterly cash dividend of $0.25 per share for stockholders of record on September 30, 2001 to be paid on October 15, 2001, which is recorded as dividends payable.

On October 2, 2001, the Company issued a Press Release declaring a 2 for 1 stock split of the Company's common stock. The record date being October 22, 2001 and the effective date being November 5, 2001.

On October 29, 2001 the Company issued a Press Release declaring a quarterly cash dividend of $0.12 per share (reflecting the effect of the 2 for 1 stock split) payable on January 15, 2002 to shareholders of record on December 31, 2001.

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. The statements will be effective for the Company as of July 1, 2002 for existing goodwill and intangible assets and for business combinations initiated after June 30, 2001. The 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 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 April 2001, the EITF reached a consensus on EITF Issue No. 00-25, "Accounting for Consideration from a Vendor to a Retailer in Connection with the Purchase or Promotion of the Vendor's Products." This issue requires that consideration from a vendor to a retailer (a) in connection with the retailer's purchase of the vendor's products or (b) to promote sales of the vendor's products by the retailer be classified as a reduction of net sales unless the consideration meets certain criteria. EITF No. 00-25 is effective for the Company's fiscal quarters beginning after December 15, 2001 and requires reclassification of prior periods. The Company is currently evaluating the impact of implementing EITF No. 00-25.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q 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-Q 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-Q, 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-Q, or in other Company filings, press releases, or otherwise. In addition to the factors discussed in this Form 10-Q, 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.

PART II OTHER INFORMATION

Item 4   Submission of Matters to Vote of Security-Holders

(a) On October 18, 2001 an Annual Meeting of Stockholders was held.

(b) Proxies for the election of directors were solicited pursuant to Regulation 14. There was no solicitation in opposition to management's nominees, and all such nominees were elected.

(c) There were 1,913,378 shares of common stock eligible to vote at the Annual Meeting, of which 1,874,798 shares were present at the Annual Meeting in person or by proxy, which constituted a quorum. The following is a summary of the results of the voting:

	Number of Votes		
	For	Withheld	Broker Non-Votes
Nominees for 1-year terms ending in 2002:			
John C. Koss	1,665,192	209,606	0
Thomas L. Doerr	1,684,142	190,656	0
Victor L. Hunter	1,684,142	190,656	0
Michael J. Koss	1,682,083	192,715	0
Lawrence S. Mattson	1,684,342	190,456	0
Martin F. Stein	1,685,018	189,780	0
John J. Stollenwerk	1,685,237	189,561	0

	Number of Votes		
	For	Against	Non-Votes
Amendment to the 1990 Flexible Incentive Plan to increase the number of shares available for grant thereunder	1,478,505	245,409	6,074

	Number of Votes			
	For	Against	Abstain	Broker Non-Votes
Appointment of PricewaterhouseCoopers LLP as independent auditors for the year ended June 30, 2002	1,872,390	432	1,976	0

Item 6 Exhibits and Reports on Form 8-K

(a) Exhibits Filed
Amendment to Loan Agreement dated October 10, 2001.

(b) Reports on Form 8-K

The Company filed a Form 8-K on July 27, 2001 announcing the Company's intent to begin paying quarterly dividends beginning with the quarter ending September 30, 2001.

The Company also filed a Form 8-K on October 5, 2001 announcing a 2 for 1 stock split effective for shareholders of record on October 22, 2001 with a distribution date of November 5, 2001.

Signatures

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

KOSS CORPORATION

Dated: 11/2/01 /s/ Michael J. Koss
Michael J. Koss
Vice Chairman, President,
Chief Executive Officer,
Chief Financial Officer

Dated: 11/2/01 /s/ Sue Sachdeva
Sue Sachdeva
Vice President--Finance

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, at 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 Lenders'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: Vice President	Title: CEO President
	ATTEST:
	By: /s/ Laura J. Acuff
	Title: Notary Public

UNANIMOUS CONSENT OF DIRECTORS OF
KOSS CORPORATION

The undersigned, constituting all the directors of Koss Corporation, a Delaware corporation (the "Corporation"), do hereby consent and agree to the adoption of the following resolutions:

WHEREAS, the Corporation is and may, from time to time, be indebted to LaSalle Bank National Association f/k/a LaSalle National Bank ("Lender") by virtue of loans, advances and other financial accommodations made or to be made to Corporation by Lender.

NOW, THEREFORE, BE IT RESOLVED, that the president and security of this Corporation be and each of them, acting alone, is hereby authorized to execute and deliver, in the name and on behalf of this Corporation, that certain Amendment No. 6 to Loan Agreement (the "Amendment"), and Amendment No. 5 to Revolving Note by and between Lender and the Corporation, and any other documents required or contemplated under any of such document (collectively, the "Documents"), with such changes therein as such officer in executing the same shall approve; the execution thereof by such officer to be conclusive evidence of the approval thereof by such officer and by the directors of this Corporation.

FURTHER RESOLVED, that the president of this Corporation, acting alone, is hereby authorized to make such actions and execute and deliver such certificates, financing statements, instruments, assignments, notices and documents as may be required of as such officer may deem necessary, advisable or proper in order to carry out and perform the obligations of the Corporation under the Documents all such actions to be performed in such manner, and all such certificates, financing statements, instruments, notices and documents to be executed and delivered in such form, as the officer performing or executing the same shall approve, the performance or execution thereof by such officer to be conclusive evidence of the approval thereof by such officer and this board.

FURTHER RESOLVED, that the president, vice president-finance and secretary of this Corporation and each of them, acting alone, is hereby authorized to borrow, in the name and on behalf of the Corporation, such amounts permitted or provided to be borrowed by the Corporation pursuant to the Amendment; the act of such borrowing and the execution and the delivery of any notes evidencing such borrowing to be conclusive evidence of the approval thereof by such officers and this board.

FURTHER RESOLVED, that the secretary of this Corporation is hereby directed to file with the official records of this Corporation the forms of the Documents.

FURTHER RESOLVED, that the president, any vice-president or the secretary of this Corporation be and each of them, acting alone, is hereby authorized to certify and deliver to Lender a true copy of the foregoing resolutions.

This Unanimous Consent of Directors may be executed in one or more counterparts, each of which shall be deemed to be an original, and all of which taken together shall constitute one and the same document.

Dated at Milwaukee, Wisconsin as of October 10, 2001.

/s/ John C. Koss ---------------------- John C. Koss	/s/ Michael J. Koss ---------------------- Michael J. Koss
/s/ Laurence S. Matson ---------------------- Laurence S. Matson	/s/ John J. Stollenwerk ---------------------- John J. Stollenwerk
/s/ Martin F. Stein ---------------------- Martin F. Stein	/s/ Victor L. Hunter ---------------------- Victor L. Hunter
/s/ Thomas L. Doerr ---------------------- Thomas L. Doerr	