

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 10-K

Annual Report Under Section 13 or 15 (d) of the Securities  
Exchange Act of 1934

For the fiscal year ended September 30, 2001

Transition Report Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-05707

GENERAL EMPLOYMENT ENTERPRISES, INC.  
(Exact name of registrant as specified in its charter)

Illinois 36-6097429  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification Number)

One Tower Lane, Suite 2100, Oakbrook Terrace, IL 60181  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (630) 954-0400

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

Title of each class Names of each exchange on which registered  
Common Stock, no par value American Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed  
all reports required to be filed by Section 13 or 15(d) of the  
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  No

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

The aggregate market value of the voting and non-voting common  
equity held by non-affiliates of the registrant as of October 31,  
2001 was \$5,321,000. At that date, there were 5,086,656 shares  
of the registrant's common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the General Employment Enterprises, Inc. Proxy  
Statement for the annual meeting of shareholders to be held on  
February 19, 2002 are incorporated by reference into Part III of  
this Form 10-K.

PART I

Item 1. Business

## General

General Employment Enterprises, Inc. (the "Company") was incorporated in the State of Illinois in 1962 and is the successor to employment offices doing business since 1893. In 1987 the Company established Triad Personnel Services, Inc., a wholly-owned subsidiary, incorporated in the State of Illinois. The principal executive office of the Company is located at One Tower Lane, Suite 2100, Oakbrook Terrace, Illinois.

## Services Provided

The Company operates in one industry segment, providing professional staffing services. The Company offers its customers both placement and contract staffing services, specializing in the placement of information technology, engineering and accounting professionals.

The Company's placement services include placing candidates into regular, full-time jobs with client-employers. The Company's contract services include placing its professional employees on temporary assignments, under contracts with client companies. Contract workers are employees of the Company, typically working at the client location and at the direction of client personnel for periods of three months to one year. Management believes that the combination of these two services provides a strong marketing opportunity, because it offers customers a variety of staffing alternatives that includes direct hire, temporary staffing and a contract-to-hire approach to hiring.

The amount of revenues derived from these services for each of the last three fiscal years is presented in the Company's consolidated statement of income. In fiscal 2001, the Company derived 52% of its revenues from placement services and 48% from contract services.

## Marketing

The Company markets its services using the trade names General Employment Enterprises, Omni One, Business Management Personnel, Triad Personnel Services and Generation Technologies. As of September 30, 2001, it operated 37 branch offices located in downtown or suburban areas of major U.S. cities in 13 states. Thirty of the offices were full-service branches, providing both placement and contract services, and 7 of the offices specialized in contract services only. The offices were concentrated in California (8), Illinois (8), Indiana (3), and Massachusetts (3), with two offices each in Arizona, Florida, Georgia, Ohio, Pennsylvania, and Texas, and one office each in Michigan, North Carolina, and Tennessee.

The Company markets its services to prospective clients primarily through telephone marketing by its employment consultants and through mailing of employment bulletins listing candidates available for placement and contract employees available for assignment.

The Company has a diverse customer base, and no single customer accounts for more than 4% of its revenues.

## Recruiting

The success of the Company is highly dependent on its ability to obtain qualified candidates. Prospective employment candidates are recruited through telephone contact by the Company's employment consultants, through classified newspaper advertising and through postings on the internet. For this purpose, the Company maintains its own internet web page at [www.generalemployment.com](http://www.generalemployment.com) and uses other internet job posting bulletin board services. The Company uses a computer program to track applicants' skills and match them with job openings. The Company screens and interviews all applicants who are presented to its clients.

#### Billing Practices

When applicants accept employment, the Company charges its clients a placement fee that is based on a percentage of the applicant's projected annual salary, and the Company provides its clients with a guarantee under which the fee is refundable if the applicant does not remain employed during a guarantee period. Fees for contract services are billed on an hourly basis each week. The Company expects payment by its customers upon receipt of its invoices. Typical of the staffing industry, working capital is required to finance the wages of contract workers before the related customer accounts are collected.

#### Competition

The staffing industry is highly competitive. There are relatively few barriers to entry by firms offering placement services, while significant amounts of working capital typically are required for firms offering contract services. The Company's competitors include a large number of sole-proprietorship operations, as well as regional and national organizations. Many of them are large corporations with substantially greater resources than the Company.

Because the Company focuses its attention on professional staffing positions, particularly in the highly specialized information technology field, it competes by providing services that are dedicated to quality. This is done by providing highly qualified candidates who are well matched for the position, by responding quickly to client requests, and by establishing offices in convenient locations. As an added service, the Company provides careful reference checking and scrutiny of candidates' work experience and optional background checks. Pricing is considered to be secondary to quality of service as a competitive factor.

Geographic diversity helps the Company to balance local or regional business cycles. Multiple offices in the Atlanta, Boston, Chicago, Columbus, Indianapolis, Los Angeles, Phoenix and San Francisco markets help to provide better client services through convenient office locations and the sharing of assignments.

#### Regulation

Employment agency service companies are regulated by three of the states in which the Company operates. Licenses are issued on a year-to-year basis. As of September 30, 2001, the Company held current licenses for all of the offices that were required to have them.

#### Employees

As of September 30, 2001, the Company had approximately 430 employees.

#### Item 2. Properties

The Company's policy is to lease commercial office space for all of its offices. The Company's headquarters are located in a modern 31-story building near Chicago, Illinois. The Company leases 12,900 square feet of space at this location, under a lease that will expire in January 2006.

The Company's staffing offices are located in downtown metropolitan and suburban business centers in 13 states. Generally, the Company enters into six-month leases for new locations, using shared office facilities whenever possible.

Established offices are operated from leased space ranging from 1,100 to 4,900 square feet, generally for periods of two to five years, with cancellation clauses after certain periods of occupancy. Management believes that existing facilities are adequate for the Company's current needs and that its leasing strategies provide the Company with sufficient flexibility to open or close offices to accommodate business needs.

3

### Item 3. Legal Proceedings

As of September 30, 2001, there were no material legal proceedings pending against the Company.

### Item 4. Results of Vote of Security Holders

No matters were submitted to a vote of security holders during the fourth quarter of the 2001 fiscal year.

## PART II

### Item 5. Market for the Registrant's Common Stock and Related Stockholder Matters

Information regarding this item is contained in "Item 8. Financial Statements and Supplementary Data."

### Item 6. Selected Financial Data

	Year Ended September 30				
(In Thousands, Except Per Share)	2001	2000	1999	1998	1997
Operating results:					
Net revenues	\$31,035	\$39,802	\$39,553	36,734	\$29,341
Income (loss) from operations	(2,217)	3,577	4,569	4,710	3,780
Net income (loss)	(1,066)	2,532	3,025	3,090	2,441
Per share data:					
Net income (loss) - basic	\$ (.21)	\$ .50	\$ .59	\$ .61	\$ .49
Net income (loss) - diluted	(.21)	.49	.59	.58	.48
Cash dividends declared	--	.30	.04	.04	.03
Balance sheet data:					
Net working capital	\$ 9,444	\$11,300	\$11,391	\$ 9,261	\$ 6,418
Long-term obligations	--	--	484	460	433
Shareholders' equity	13,077	14,143	13,137	10,335	7,149
Total assets	15,679	19,979	18,085	15,632	12,323

### Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The Company provides placement and contract staffing services for business and industry, specializing in the placement of professional information technology, engineering and accounting professionals. As of September 30, 2001, the Company operated 37 offices located in major metropolitan business centers in 13 states.

A summary of operating data, expressed as a percentage of consolidated net revenues, is presented below.

4

Year Ended September 30  
2001 2000 1999

Net revenues:			
Placement services	52.3%	59.6%	57.4%
Contract services	47.7	40.4	42.6
Net revenues	100.0	100.0	100.0
Operating expenses:			
Cost of contract services	31.1	26.4	27.4
Selling	32.0	35.3	35.0
General and administrative	44.0	29.3	26.0
Total operating expenses	107.1	91.0	88.4
Income (loss) from operations	(7.1)%	9.0%	11.6%

#### Fiscal 2001 Results of Operations

##### Net Revenues

For the year ended September 30, 2001, consolidated net revenues were down \$8,767,000 (22%) from the prior year. This was due to the combination of a \$7,503,000 (32%) decrease in placement service revenues and a \$1,264,000 (8%) decrease in contract service revenues. Placement services represented 52.3% of consolidated net revenues for the year, and contract services represented 47.7% of the total.

Placement service revenues were down for the year because of a 35% decline in the number of placements, partially offset by a 1% increase in the average placement fee. The decrease in contract service revenues was the result of an 11% decrease in billable hours, while the average hourly billing rate increased 4%. In April 2001, the Company acquired the assets and business operations of Generation Technologies, Inc. ("GenTech"), a staffing business in Pittsburgh, Pennsylvania specializing in information technology professionals. The acquisition added \$1,335,000 to consolidated contract service revenues for the fiscal year.

The Company attributes the decline in revenues to the effects of the slowdown in the U.S. economy that caused customers to delay or reduce their hiring and contract staffing activities, particularly those customers operating in the computer and information technology field. As an indication of the national slowdown, the U.S. Gross Domestic Product grew at an average rate of 0.8% during the year ended September 30, 2001, compared with 4.4% for the year ended September 30, 2000, and the national unemployment rate was 4.9% in September 2001, compared with 3.9% in September 2000. The economic impact of the terrorist attacks on the United States on September 11, 2001 is expected to adversely affect the U.S. economy for the foreseeable future. Management expects that the demand for its placement services will remain at depressed levels until the U.S. economy begins to strengthen and national hiring patterns improve.

##### Operating Expenses

Total operating expenses for fiscal 2001 were down \$2,973,000 (8%) compared with the prior year.

The cost of contract services was down \$861,000 (8%), as a result of the lower contract service revenues. The gross profit margin on contract services was 34.8% in fiscal 2001, compared with 34.6% the prior year.

Selling expenses decreased \$4,127,000 (29%) in fiscal 2001, and they represented 32.0% of consolidated net revenues, which was down 3.3 points from the prior year. Commission expense was down 36% due to the lower placement service revenues and lower commissionable profits, while recruitment advertising expense was 4% lower than last year.

General and administrative expenses increased \$2,015,000 (17%) for the year, and they represented 44.0% of consolidated net revenues. This was up 14.7 points from last year. Compensation in the operating division increased 29% for the year, as lower consultant productivity and lower commissions led to higher amounts of base pay. Office rent and occupancy costs were up 21% for the year, including a \$283,000 provision for the cost of closing unprofitable branch offices. Reflecting the weak economy, the Company's bad debt expense doubled, while all other general and administrative expenses were down 6%.

To control operating costs, the Company closed seven unprofitable branch offices during fiscal 2001, including four that were closed at the end of the fiscal year, and reduced its in-house staff by 18% from the year-ago level. These measures are expected to reduce general and administrative expenses in fiscal 2002.

#### Other Items

The effect of lower revenues combined with higher general and administrative expenses resulted in a loss from operations of \$2,217,000 for the year, which was a decrease of \$5,794,000 compared with income from operations of \$3,577,000 for the prior year.

Interest income was down \$114,000 (18%) in fiscal 2001, due to a lower average amount of funds available for investment.

The effective income tax rate was 36.8% this year and 40.0% last year.

After interest and taxes, the net loss for the year was \$1,066,000, which was a decrease of \$3,598,000, compared with net income of \$2,532,000 last year.

#### Fiscal 2000 Results of Operations

##### Net Revenues

Consolidated net revenues for the year ended September 30, 2000 were essentially flat with the prior year - up \$249,000 (1%). Placement services represented 59.6% of consolidated net revenues, and contract services represented 40.4% of the total.

Placement service revenues increased \$1,018,000 (4%) for the year, primarily due to a 5% increase in the average placement fee. The number of placements was essentially unchanged from the prior year.

Contract service revenues decreased \$769,000 (5%) for the year. This was the result of a 12% decline in billable hours that was partially offset by a 7% increase in the average hourly billing rate.

Although the demand for information technology professionals was moderately strong during fiscal 2000, the Company's customers were more cautious in their hiring patterns than in previous years. This restrained growth in the number of placements made by the Company, and it resulted in switching by some customers from contract services to placement services. Consolidated revenue growth was also adversely affected by high turnover of branch office managers and consulting staff during the fiscal

year, which had the effect of holding back productivity in many of the branch offices.

6

The Company's greatest challenge during fiscal 2000 was attracting and retaining well-qualified personnel consultants. The Company met this challenge by promoting new branch managers, filling empty desks, increasing the training staff, and enhancing compensation and benefit programs. To improve consultant productivity, the Company also completed the installation of a new applicant retrieval system in all offices during the year.

#### Operating Expenses

Total operating expenses for fiscal 2000 were up \$1,241,000 (4%) over the prior year.

The cost of contract services was down \$323,000 (3%), as a result of the lower contract service revenues. The gross profit margin on contract services was 34.6% in fiscal 2000, compared with 35.7% the prior year. The gross profit on contract services declined \$446,000 (7%), due to the combination of lower contract service revenues and a lower profit margin.

Selling expenses increased \$186,000 (1%) in fiscal 2000, and they represented 35.3% of consolidated net revenues, which was slightly higher than the prior year. Commission expense increased 1%, as the effect of higher placement revenues was largely offset by lower average commission rates. Higher costs associated with employee benefit programs were largely offset by lower advertising and promotion expenses.

General and administrative expenses increased \$1,378,000 (13%), and they represented 29.3% of consolidated revenues. This was up 3.3 points from the prior year. Compensation in the operating division increased 15% for the year, as new consultant compensation arrangements that place greater emphasis on fixed compensation, while reducing commission rates, were introduced in some branch offices. Office occupancy and operating costs increased 12% due to higher depreciation and other costs associated with upgrading the Company's computer systems and office furniture. Administrative compensation increased 12%, and all other general and administrative expenses increased 17%.

#### Other Items

Because total operating expenses increased at a greater rate than net revenues, the Company's operating margin declined by 2.6 points for the year - to 9.0% in fiscal 2000, compared with 11.6% the prior year. This caused a \$992,000 (22%) decrease in income from operations for the year.

Interest income increased \$149,000 (30%) in fiscal 2000, due to a combination of higher funds available for investment and higher average interest rates.

The effective income tax rate was 40.0% in fiscal 2000, about the same as the 40.1% rate the prior year.

As a result, net income for fiscal 2000 was \$493,000 (16%) lower than fiscal 1999.

#### Financial Condition

As of September 30, 2001, the Company had cash and short-term investments of \$7,788,000. This was a decrease of \$4,918,000 from September 30, 2000. Net working capital at September 30,

2001 was \$9,444,000, which was a decrease of \$1,856,000 compared with last September, and the current ratio was 4.6 to 1.

During the year ended September 30, 2001, net cash used by operating activities was \$1,415,000. The cost to acquire GenTech in April 2001 was \$1,523,000, of which \$624,000 was allocated to the net assets acquired and \$899,000 was allocated to goodwill. The purchase price was established as an initial cash payment to the seller and three annual cash payments to be equal to a

7

multiple of the respective year's earnings, as defined. Future payments under the purchase agreement will be recorded as additional goodwill when the amounts are determined. During the year, the Company spent an additional \$733,000 for the acquisition of property and equipment. A cash dividend on common stock of \$1,272,000 (\$.25 per share) was paid in January 2001.

All of the Company's office facilities are leased, and information about future minimum lease payments is presented in the notes to the consolidated financial statements.

As of September 30, 2001, the Company had no debt outstanding, and it had a \$1,000,000 unused line of credit available. Shareholders' equity at that date was \$13,077,000, which represented 83% of total assets.

It is not known how long the slowdown in the U.S. economy will last or how long it will continue to have an adverse effect on the Company's operations. The Company's short-term priority is to minimize the impact of the economy and to be positioned for growth when it recovers. Management believes that existing cash and short-term investments will be adequate to meet the Company's anticipated needs.

#### Forward-Looking Statements

As a matter of policy, the Company does not provide forecasts of future financial performance. However, the Company and its representatives may from time to time make written or verbal forward-looking statements, including statements contained in press announcements, reports to shareholders and filings with the Securities and Exchange Commission. All statements which address expectations about future operating performance and cash flows, future events and business developments, and future economic conditions are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. This includes statements relating to business expansion plans, expectations about revenue and earnings growth, and general statements of optimism about the future. These statements are based on management's then-current expectations and assumptions. Actual outcomes could differ significantly. The Company and its representatives do not assume any obligation to provide updated information.

Some of the factors that could affect the Company's future performance include, but are not limited to, general business conditions, the demand for the Company's services, competitive market pressures, the ability of the Company to attract and retain qualified personnel for regular full-time placement and contract project assignments, and the ability to attract and retain qualified corporate and branch management.

#### Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The primary objective for the Company's investment portfolio is to provide maximum protection of principal and high liquidity.

By investing in high-quality securities having relatively short maturity periods, the Company is not exposed to the risk of material interest rate fluctuations.

8

Item 8. Financial Statements and Supplementary Data

GENERAL EMPLOYMENT ENTERPRISES, INC.  
CONSOLIDATED BALANCE SHEET

As of September 30

(In Thousands)	2001	2000
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 7,293	\$ 7,236
Short-term investments	495	5,470
Accounts receivable, less allowances (2001 -- \$243; 2000 -- \$512)	2,685	4,084
Income tax refunds receivable	948	--
Other current assets	625	346
<b>Total current assets</b>	<b>12,046</b>	<b>17,136</b>
Property and equipment:		
Furniture, fixtures and equipment	6,697	6,058
Accumulated depreciation and amortization	(3,952)	(3,215)
<b>Net property and equipment</b>	<b>2,745</b>	<b>2,843</b>
Goodwill, net of accumulated amortization	888	--
<b>Total assets</b>	<b>\$15,679</b>	<b>\$19,979</b>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

Current liabilities:		
Accounts payable	\$ 551	\$ 655
Dividends payable	--	1,272
Accrued compensation and payroll taxes	1,753	3,769
Other current liabilities	298	140
<b>Total current liabilities</b>	<b>2,602</b>	<b>5,836</b>
Shareholders' equity:		
Common stock, no-par value; authorized -- 20,000 shares; issued and outstanding -- 5,087 shares	51	51
Capital in excess of stated value of shares	4,569	4,569
Retained earnings	8,457	9,523
<b>Total shareholders' equity</b>	<b>13,077</b>	<b>14,143</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$15,679</b>	<b>\$19,979</b>

See notes to consolidated financial statements.

9

GENERAL EMPLOYMENT ENTERPRISES, INC.  
CONSOLIDATED STATEMENT OF OPERATIONS

Year Ended September 30

(In Thousands, Except Per Share)	2001	2000	1999
Net revenues:			
Placement services	\$16,217	\$23,720	\$22,702
Contract services	14,818	16,082	16,851
<b>Net revenues</b>	<b>31,035</b>	<b>39,802</b>	<b>39,553</b>

Operating expenses:			
Cost of contract services	9,659	10,520	10,843
Selling	9,918	14,045	13,859
General and administrative	13,675	11,660	10,282
Total operating expenses	33,252	36,225	34,984
Income (loss) from operations	(2,217)	3,577	4,569
Interest income	531	645	496
Income (loss) before income taxes	(1,686)	4,222	5,065
Provision (credit) for income taxes	(620)	1,690	2,040
Net income (loss)	\$(1,066)	\$ 2,532	\$ 3,025

Net income (loss) per share:			
Basic	\$ (.21)	\$ .50	\$ .59
Diluted	\$ (.21)	\$ .49	\$ .59

Average number of shares:			
Basic	5,087	5,087	5,087
Diluted	5,087	5,117	5,122

See notes to consolidated financial statements.

10

GENERAL EMPLOYMENT ENTERPRISES, INC.  
CONSOLIDATED STATEMENT OF CASH FLOWS  
Year Ended September 30

(In Thousands)	2001	2000	1999
Operating activities:			
Net income (loss)	\$ (1,066)	\$ 2,532	\$ 3,025
Depreciation and amortization	857	597	361
Reduction of long-term obligations	--	(516)	--
Other noncurrent items	22	403	107
Changes in current assets and current liabilities, net of effects from acquisition:			
Accounts receivable	1,989	(213)	(300)
Income tax refunds receivable	(948)	--	--
Accrued compensation and payroll taxes	(2,038)	163	(435)
Other, net	(231)	(257)	(22)
Net cash provided (used) by operating activities	(1,415)	2,709	2,736
Investing activities:			
Acquisition of property and equipment	(733)	(1,583)	(1,101)
Acquisition of Generation Technologies, Inc.	(1,523)	--	--
Purchases of short-term investments	--	(3,461)	(7,849)
Maturities of short-term investments	5,000	4,800	6,960
Net cash provided (used) by investing activities	2,744	(244)	(1,990)
Financing activities:			
Cash dividends paid	(1,272)	(254)	(221)
Increase in cash and cash equivalents	57	2,211	525
Cash and cash equivalents at beginning of year	7,236	5,025	4,500
Cash and cash equivalents at end of year	\$ 7,293	\$ 7,236	\$ 5,025

See notes to consolidated financial statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.  
 CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY

Year Ended September 30

(In Thousands, Except Per Share)      2001   2000   1999

Common shares outstanding:

Number at beginning of year	5,087	5,087	4,424
Stock dividend declared	--	--	663

Number at end of year	5,087	5,087	5,087
-----------------------	-------	-------	-------

Common stock:

Balance at beginning of year	\$ 51	\$ 51	\$ 44
Stock dividend declared	--	--	7

Balance at end of year	\$ 51	\$ 51	\$ 51
------------------------	-------	-------	-------

Capital in excess of stated value:

Balance at beginning of year	\$4,569	\$4,569	\$4,576
Stock dividend declared	--	--	(7)

Balance at end of year	\$4,569	\$4,569	\$4,569
------------------------	---------	---------	---------

Retained earnings:

Balance at beginning of year	\$9,523	\$8,517	\$5,715
Net income (loss)	(1,066)	2,532	3,025

Cash dividends declared on common stock -

\$ .30 per share in 2000, and \$.04 per share in 1999	--	(1,526)	(221)
Stock dividend declared	--	--	(2)

Balance at end of year	\$8,457	\$9,523	\$8,517
------------------------	---------	---------	---------

See notes to consolidated financial statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.  
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company

General Employment Enterprises, Inc. (the "Company") and its wholly-owned subsidiary, Triad Personnel Services, Inc., operate in one industry segment, providing staffing services through a network of branch offices located in major metropolitan areas throughout the United States. The Company specializes in providing information technology, engineering and accounting professionals to clients on either a regular placement basis or a temporary contract basis. The Company has a diverse customer base, and no single customer accounts for more than 4% of its revenues.

Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts and transactions of the Company and its wholly-owned subsidiary. All significant intercompany accounts and transactions are eliminated in consolidation.

Estimates and Assumptions

Preparing financial statements in accordance with generally accepted accounting principles requires management to make

estimates and assumptions that affect the amounts reported. Management believes that its estimates are reasonable and proper, however, actual results could ultimately differ from those estimates.

#### Revenues from Services

Placement fees are recognized as income at the time applicants accept employment. Provision is made for estimated losses in realization, principally due to applicants not remaining in employment for a guarantee period. Contract service revenues are recognized when work is performed.

#### Cost of Contract Services

The cost of contract services includes the wages and the related payroll taxes and benefits of contract workers.

#### Income Taxes

Deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities, and are measured using the enacted tax rates and laws that are expected to be in effect when the differences reverse.

#### Net Income Per Share

Basic net income per share is based on the average number of common shares outstanding. Diluted net income per share is based on the average number of common shares and the dilutive effect of stock options.

#### Cash Equivalents and Short-term Investments

Highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Company classifies its cash equivalents and short-term investments individually when purchased as either available-for-sale or held-to-maturity securities.

13

#### Property and Equipment

Furniture, fixtures and equipment are stated at cost. The Company provides for depreciation on a straight-line basis over estimated useful lives of two to ten years. The Company capitalizes computer software purchased or developed for internal use, and amortizes it over an estimated useful life of five years.

#### Goodwill

A business combination completed in April 2001 was recorded as a purchase transaction, and the excess of the cost over the fair values of the identifiable net assets acquired was allocated to goodwill. Goodwill is being amortized on a straight-line basis over forty years. The carrying amount of goodwill is reviewed whenever events or changes in circumstances indicate that it may not be recoverable. The carrying value would be written down if it were determined to exceed the estimated future undiscounted cash flows of the acquired business.

In June 2001, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. 141, "Business Combinations" and Statement of Financial Accounting Standards No. 142, "Goodwill and Other Intangible Assets." Statement No. 141 requires that business combinations completed after June 30, 2001 be accounted for using the purchase method of accounting and specifies the types of intangible assets to be recognized in such transactions. The accounting for the Company's April 2001

business combination was not affected by the adoption of Statement No. 141.

Statement No. 142 requires goodwill to be tested periodically for impairment in value, rather than being amortized as previous standards required. The Company is required to adopt Statement No. 142 effective for its fiscal year beginning October 1, 2002. The discontinuance of goodwill amortization is not expected to have a significant effect on net income. The Company has not determined what effect, if any, the initial impairment test will have on its financial position or results of operations.

#### Stock Options

The Company accounts for stock options in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees." Accordingly, there is no compensation expense to the Company when stock options are granted at prices equal to the fair market value at the date of grant. Proceeds on exercises of stock options and the associated income tax benefits are credited to shareholders' equity when received.

#### Acquisition

On April 10, 2001, the Company completed a transaction to purchase substantially all of the assets and business operations of Generation Technologies, Inc. ("GenTech"), a staffing business in Pittsburgh, Pennsylvania, specializing in information technology professionals. The assets acquired include the business operations, company name, customer lists, interests in office space and equipment, accounts receivable and goodwill.

The purchase price was established as an initial cash payment to the seller and three annual cash payments to be equal to a multiple of the respective year's annual earnings, as defined. The initial cost of the acquisition was \$1,523,000, of which \$624,000 was allocated to the net assets acquired and \$899,000 was allocated to goodwill. Future payments under the purchase agreement will be recorded as additional goodwill when the amounts are determined.

The results of GenTech's operations are included in the Company's financial statements for periods subsequent to the date of acquisition. The unaudited pro forma results of operations presented below assume that the acquisition had occurred at the beginning of fiscal 2000:

14

(In Thousands, Except per Share)	2001	2000
Net revenues	\$32,894	\$42,232
Net income (loss)	(936)	2,658
Net income (loss) per share - diluted	(.18)	.52

This information is presented for informational purposes only. It is not necessarily indicative of the results that would have been achieved had the acquisition taken place at the beginning of fiscal 2000 or of future results of operations.

#### Cash, Cash Equivalents and Short-term Investments

The Company's primary objective for its investment portfolio is to provide maximum protection of principal and high liquidity. By investing in high-quality securities having relatively short maturity periods, the Company reduces its exposure to the risks associated with interest rate fluctuations. Investments in

securities of corporate issuers are rated A2 and P2 or better. A summary of cash, cash equivalents and short-term investments as of September 30 is as follows:

(In Thousands)	2001	2000
Cash	\$1,410	\$ 671
Certificates of deposit	--	1,000
Commercial paper	5,583	6,565
U.S. federal agency notes	300	2,000
Corporate notes	495	2,470
Total cash, cash equivalents and short-term investments	\$7,788	\$12,706

All cash equivalents and short-term investments held as of September 30, 2001 were classified as available-for-sale securities and had maturities of one year or less. Amortized cost approximated market value for all investments, and unrealized gains and losses were not significant.

#### Income Taxes

The components of the provision (credit) for income taxes are as follows:

(In Thousands)	2001	2000	1999
Current tax provision (credit):			
U.S. federal	\$(491)	\$1,168	\$1,577
State and local	(101)	296	430
Total current tax provision (credit)	(592)	1,464	2,007
Deferred tax provision (credit)	(28)	226	33
Provision (credit) for income taxes	\$(620)	\$1,690	\$2,040

The differences between income taxes calculated at the 34% statutory U.S. federal income tax rate and the Company's provision (credit) for income taxes are as follows:

15

(In Thousands)	2001	2000	1999
Income tax (credit) at statutory federal tax rate	\$(573)	\$1,435	\$1,722
State income taxes, less federal effect	(69)	228	287
Other	22	27	31
Provision (credit) for income taxes	\$(620)	\$1,690	\$2,040

The net deferred income tax asset balance as of September 30 related to the following:

(In Thousands)	2001	2000
Accrued compensation	\$119	\$119
Depreciation and amortization	(193)	(149)
Other expenses	117	45
Net operating loss carryforwards	67	--
Net deferred income tax asset	\$110	\$ 15

The Company made income tax payments of \$423,000 in 2001, \$1,596,000 in 2000 and \$2,171,000 in 1999.

## Line of Credit

The Company has a loan agreement with a bank, renewable annually, that makes a \$1,000,000 unsecured line of credit available to the Company at the prime rate. There were no borrowings outstanding under the line of credit as of September 30, 2001 and 2000.

## Lease Obligations

The Company leases space for all of its branch offices, which are located either in downtown or suburban metropolitan business centers, and space for its corporate headquarters. Established branch offices are generally leased over periods from two to five years, and the corporate headquarters lease expires in 2006. Certain lease agreements provide for increased rental payments contingent upon future increases in real estate taxes, building maintenance costs and the cost of living index.

Rent expense was \$1,997,000 in 2001, \$1,783,000 in 2000 and \$1,781,000 in 1999. In addition, the Company recorded a \$283,000 provision for office closings in 2001, covering the lease obligations of five branch offices that were closed. As of September 30, 2001 future minimum lease payments under lease agreements having initial terms in excess of one year, including the closed offices, were: 2002 - \$1,777,000, 2003 - \$1,543,000, 2004 - \$1,385,000, 2005 - \$1,107,000, and 2006 - \$312,000.

## Retirement Benefits

The Company has a 401(k) retirement plan in which all full-time employees may participate after one year of service. Under the plan, eligible participants may contribute a portion of their earnings to a trust, and the Company makes matching contributions, subject to certain limitations. During the year ended September 30, 2000, the Company fulfilled its obligation under an agreement to provide retirement benefits to an officer

16

by paying out a lump sum of \$400,000. The total cost of both retirement plans was \$101,000 in 2001, \$123,000 in 2000 and \$131,000 in 1999.

## Preferred Stock

As of September 30, 2001 there were 100,000 shares of preferred stock authorized, none of which have been issued.

## Stock Options

The Company has stock option plans for directors, officers and employees. As of September 30, 2001, there were stock options outstanding under the Company's 1999 Stock Option Plan, 1997 Stock Option Plan, 1995 Stock Option Plan and 1992 Stock Option Plan. Under these plans, incentive or non-statutory stock options may be granted to officers and employees, and they may be exercisable for up to ten years. Outside directors were automatically granted non-statutory options to purchase specified numbers of shares on the effective dates of the plans. The Stock Option Committee of the Board of Directors, which has the authority to select the employees and to determine the terms of each option granted, administers the plans.

A summary of stock option activity is as follows:

(Number of Shares in Thousands)	2001	2000	1999
---------------------------------	------	------	------

Number of shares outstanding:			
Beginning of year	719	721	554
Granted	215	32	167
Terminated	(57)	(34)	--
End of year	877	719	721
Number of shares exercisable			
at end of year	776	651	650
Number of shares available for grant			
at end of year	36	194	192

Weighted average option prices per share:			
Granted during the year	\$3.03	\$4.73	\$4.68
Outstanding at end of year	4.86	5.39	5.45
Exercisable at end of year	5.04	5.41	5.47

Information about stock options outstanding as of September 30, 2001 is as follows (number of shares in thousands):

Range of Exercise Prices	Number Outstanding	Weighted Number Exercisable	Average Price	Remaining Life (Years)
Under \$4.00	246	161	\$2.74	8
\$4.00 to \$6.00	552	536	5.28	6
Over \$6.00	79	79	8.46	6

The issuance of stock options under the Company's plans does not result in any present or future cash outlay by the Company. Moreover, the Company benefits financially through the receipt of cash proceeds and income tax benefits when options are exercised. In accordance with generally accepted accounting principles, there was no compensation expense resulting from the issuance of stock options because the option exercise prices were equal to the market prices of the underlying stock on the dates of grant.

17

Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation," requires companies to calculate a hypothetical value of stock options on their dates of grant. The Company has calculated the following weighted average option values using the assumptions indicated and the Black-Scholes option pricing model:

	2001	2000	1999
Weighted average estimated fair value per share of stock options granted	\$.99	\$1.48	\$1.88
Expected option life (years)	3.00	3.00	3.00
Stock price volatility	40%	53%	57%
Risk-free interest rate	5.1%	5.4%	5.3%
Dividend yield	--%	1.0%	1.0%

Assuming that stock options granted during 2001, 2000 and 1999 were valued using these assumptions and the values were reflected as compensation expense over their vesting periods, the Company would have had a pro forma net loss of \$1,128,000 (\$.22 per share) in 2001, and pro forma net income of \$2,477,000 (\$.49 per share) in 2000 and \$2,793,000 (\$.55 per share) in 1999.

#### Shareholder Rights Plan

On February 4, 2000 the Company adopted a shareholder rights plan, and the Board of Directors declared a dividend of one share purchase right for each share of outstanding common stock, payable to shareholders of record on February 22, 2000.

The rights will become exercisable if any person or affiliated group (other than certain "grandfathered" shareholders) acquires, or offers to acquire, 10% or more of the Company's outstanding common shares. Each exercisable right entitles the holder (other than the acquiring person or group) to purchase, at a price of \$21.50 per share, common stock of the Company having a market value equal to two times the purchase price.

The purchase price and the number of common shares issuable on exercise of the rights are subject to adjustment in accordance with customary anti-dilution provisions.

The Board of Directors may authorize the Company to redeem the rights at a price of \$.01 per right at any time before they become exercisable. After the rights become exercisable, the Board of Directors may authorize the Company to exchange any unexercised rights at the rate of one share of common stock for each right. The rights are nonvoting, and they will expire on February 22, 2010.

#### Severance Arrangements

The Company has an employment agreement with an officer that provides for the continuation of salary and benefits for a period of three years following the officer's termination of employment by the Company for any reason other than "cause." The Company also has a plan covering key employees that would become effective if their employment terminated under certain conditions following a change in control of the Company. Under these circumstances, the Company would be obligated to make lump sum payments to covered employees ranging from \$20,000 to \$50,000, and to provide continued welfare plan benefits for two years.

18

#### GENERAL EMPLOYMENT ENTERPRISES, INC. SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

(In Thousands)	Year Ended September 30		
	2001	2000	1999
Reserve for falloffs and doubtful accounts:			
Balance at beginning of year	\$512	\$440	\$565
Additions charged to operating expenses	884	411	287
Adjustments charged (credited) to revenues	(314)	74	(74)
Deductions for bad debt write-offs	(839)	(413)	(338)
Balance at end of year	\$243	\$512	\$440

19

#### REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Shareholders  
General Employment Enterprises, Inc.  
Oakbrook Terrace, Illinois

We have audited the accompanying consolidated balance sheet of General Employment Enterprises, Inc. and subsidiary as of

September 30, 2001 and 2000, and the related consolidated statements of operations, shareholders' equity and cash flows for each of the three years in the period ended September 30, 2001. Our audits also included the financial statement schedule listed in the Index at Item 14. These financial statements and the schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and the schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards 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. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of General Employment Enterprises, Inc. and subsidiary at September 30, 2001 and 2000, and the consolidated results of their operations and their cash flows for each of the three years in the period ended September 30, 2001, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material aspects the information set forth therein.

/s/ Ernst & Young LLP

November 9, 2001

20

GENERAL EMPLOYMENT ENTERPRISES, INC.  
SELECTED QUARTERLY FINANCIAL DATA AND MARKET INFORMATION

First Second Third Fourth  
(In Thousands, Except Per Share)Quarter Quarter Quarter Quarter

Fiscal 2001:

Net revenues	\$8,912	\$ 8,249	\$7,421	\$6,453
Operating expenses(1)	8,853	8,800	8,132	7,467

Income (loss) from operations	59	(551)	(711)	(1,014)
Interest income	194	149	99	89

Income (loss) before income taxes	253	(402)	(612)	(925)
-----------------------------------	-----	-------	-------	-------

Provision (credit) for income Taxes	105	(150)	(235)	(340)
-------------------------------------	-----	-------	-------	-------

Net income (loss)	\$ 148	\$ (252)	\$ (377)	\$ (585)
-------------------	--------	----------	----------	----------

Net income (loss) per share	\$ .03	\$ (.05)	\$ (.07)	\$ (.12)
-----------------------------	--------	----------	----------	----------

Market price per share:

High	3.75	3.38	2.74	2.73
Low	2.50	2.30	2.30	1.13

Fiscal 2000:

Net revenues	\$9,889	\$10,022	\$9,908	\$9,983
Operating expenses	8,995	9,231	8,841	9,158

Income from operations	894	791	1,067	825
Interest income	149	140	171	185
Income before income taxes	1,043	931	1,238	1,010
Provision for income taxes	420	375	495	400
Net income	\$ 623	\$ 556	\$ 743	\$ 610
Net income per share	\$ .12	\$ .11	\$ .15	\$ .12

Market price per share:

High	5.13	5.06	4.50	3.88
Low	3.94	4.13	3.50	3.25

(1) Operating expenses for the fourth quarter of fiscal 2001 include a \$283,000 provision for office closings.

The Company's common stock is traded on the American Stock Exchange under the trading symbol JOB. There were 928 holders of record on October 31, 2001.

The Company declared annual cash dividends on its common stock of \$.25 per share in September 2000 and \$.05 per share in November 1999.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

There have been no changes in or disagreements with the Company's independent accountants during the two most recent fiscal years.

21

PART III

Item 10. Directors, Executive Officers, Promoters and Control Persons of the Registrant

Information concerning directors and the executive officers of the registrant is set forth in the registrant's Proxy Statement for the annual meeting of shareholders and is incorporated herein by reference.

Item 11. Executive Compensation

Information concerning executive compensation is set forth in the registrant's Proxy Statement for the annual meeting of shareholders and is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management

Information concerning security ownership of certain beneficial owners and management is set forth in the registrant's Proxy Statement for the annual meeting of shareholders and is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions

Information concerning certain relationships and related transactions is set forth in the registrant's Proxy Statement for the annual meeting of shareholders and is incorporated herein by reference.

## PART IV

### Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K

#### Financial Statements and Financial Statement Schedules

The following financial statements and financial statement schedules are filed as a part of this report:

	Page	
Consolidated Balance Sheet as of September 30, 2001 and 2000	9	
Consolidated Statement of Operations for the years ended September 30, 2001, 2000 and 1999	10	
Consolidated Statement of Cash Flows for the years ended September 30, 2001, 2000 and 1999	11	
Consolidated Statement of Shareholders' Equity for the years ended September 30, 2001, 2000 and 1999	12	
Notes to Consolidated Financial Statements	13	
Schedule II - Valuation and qualifying accounts for the years ended September 30, 2001, 2000 and 1999	19	
Report of independent auditors	20	

All other financial statement schedules are omitted because they are not applicable.

#### Reports on Form 8-K

During the fourth quarter, the Company filed a Form 8-K Current Report dated July 30, 2001 to report that its board of directors elected Herbert F. Imhoff, Jr. as Chairman of the Board and Chief Executive Officer.

22

#### Exhibits

The following exhibits are filed as a part of this report:

##### No. Description of Exhibit

2.01 Asset Purchase Agreement Among Triad Personnel Services, Inc., Generation Technologies, Inc. and Michael P. Verona dated April 10, 2001. Incorporated by reference to Exhibit 2.01 to the Registrant's Form 8-K Current Report dated April 10, 2001. Commission File No. 001-05707.

3.01 Articles of Incorporation and amendments thereto. Incorporated by reference to Exhibit 3 to the Registrant's Quarterly Report on Form 10-QSB for the quarter ended March 31, 1996, Commission File No. 001-05707.

3.02 By-Laws. Incorporated by reference to Exhibit 3(b) of the Registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1997, Commission File No. 001-05707.

4.01 Rights Agreement dated as of February 4, 2000, between General Employment Enterprises, Inc. and Continental Stock Transfer and Trust Company, as Rights Agent. Incorporated by reference to Exhibit 1 to the Registrant's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on February 7, 2000.

10.01 Senior Executive Agreement with Herbert F. Imhoff, Jr. dated May 22, 1990. Incorporated by reference to exhibit 10(f) to the Registrant's Quarterly Report on Form 10-Q

for the quarter ended June 30, 1990, Commission File No. 001-05707.

10.02 Key Manager Plan, adopted May 22, 1990. Incorporated by reference to Exhibit 10(h) to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30 1990, Commission File No. 001-05707.

10.03 Agreement with Sheldon Brotzman dated October 3, 1991. Incorporated by reference to Exhibit 10(l) to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1991, Commission File No. 001-05707.

10.04 General Employment Enterprises, Inc. Stock Option Plan. Incorporated by reference to Exhibit 4.1 to the Registrant's Form S-8 Registration Statement dated March 3, 1992, Registration No. 33-46124.

10.05 General Employment Enterprises, Inc. 1995 Stock Option Plan. Incorporated by reference to Exhibit 4.1 to the Registrant's Form S-8 Registration Statement dated April 25, 1995, Registration No. 33-91550.

10.06 General Employment Enterprises, Inc. 1997 Stock Option Plan. Incorporated by reference to Exhibit 10(n) to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1998, Commission File No. 001-05707.

10.07 Resolution of the Board of Directors adopted September 28, 1998, amending the General Employment Enterprises, Inc. 1997 Stock Option Plan. Incorporated by reference to Exhibit 10(o) to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30, 1998, Commission File No. 001-05707.

23

10.08 General Employment Enterprises, Inc. 1999 Stock Option Plan. Incorporated by reference to Exhibit 10 of the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, Commission File No. 001-05707.

10.09 Resolution of the Board of Directors, adopted November 20, 2000, establishing a Senior Executive Bonus Pool for fiscal 2001. Incorporated by reference to Exhibit 10 to the Registrant's Quarterly Report on Form 10-Q for the quarter ended December 31, 2000, Commission File No. 001-05707.

10.10 Employment Agreement with Herbert F. Imhoff, Jr. effective as of August 1, 2001.

10.11 Chief Executive Officer Bonus Plan, adopted September 24, 2001.

10.12 The Corporate Plan for Retirement Select Plan Basic Plan Document.

10.13 The Corporate Plan for Retirement Select Plan Adoption Agreement dated September 27, 2001.

10.14 First Amendment to the General Employment Enterprises, Inc. Executive Retirement Plan dated September 27, 2001.

23 Consent of Independent Auditors.

24

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.

GENERAL EMPLOYMENT ENTERPRISES, INC.  
(Registrant)

Date: November 19, 2001 By: /s/ Herbert F. Imhoff, Jr.  
Herbert F. Imhoff, Jr.  
Chairman of the Board and  
Chief Executive 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.

Date: November 19, 2001 By: /s/ Herbert F. Imhoff, Jr.  
Herbert F. Imhoff, Jr., Director  
Chairman of the Board and  
Chief Executive Officer  
(Principal executive officer)

Date: November 19, 2001 By: /s/ Kent M. Yauch  
Kent M. Yauch, Director  
Vice President, Chief Financial Officer  
and Treasurer  
(Principal financial and accounting officer)

Date: By: \_\_\_\_\_  
Dennis W. Baker, Director

Date: November 19, 2001 By: /s/ Sheldon Brotzman  
Sheldon Brotzman, Director

Date: November 19, 2001 By: /s/ Delain G. Danehey  
Delain G. Danehey, Director

Date: November 19, 2001 By: /s/ Joseph F. Lizzadro  
Joseph F. Lizzadro, Director

## EMPLOYMENT AGREEMENT

This Employment Agreement (the "Agreement") is made by and between General Employment Enterprises, Inc., an Illinois corporation (the "Company"), and Herbert F. Imhoff, Jr. ("Executive") effective as of August 1, 2001.

### 1. Duties and Scope of Employment.

(a) Position; Commencement Date. Executive's employment with the Company pursuant to this Agreement shall commence upon August 1, 2001 (the "Commencement Date"). As of the Commencement Date, the Company shall employ Executive, and Executive agrees to be employed by the Company, as its President, Chief Executive Officer and to serve as Chairman of the Board of Directors of the Company.

(b) Duties; Obligations to the Company. Executive shall report to the Company's Board of Directors ("Board") and shall perform such other duties as the Board may from time to time require, consistent with the general level and type of duties and responsibilities customarily associated with Executive's position as President and Chief Executive Officer.

Executive agrees that he will at all times conscientiously perform all of the duties and obligations required of him pursuant to the terms of this Agreement. During his employment, Executive further agrees that he will devote substantially all of his business time and attention to the business of the Company. The Company will be entitled to all of the benefits and profits arising from or incident to all such work services and advice. Executive will not render commercial or professional services of any nature to any person or organization, whether or not for compensation, without the prior written consent of the Company's Board of Directors. Executive will not directly or indirectly engage or participate in any business that is competitive in any manner with the business of the Company. Nothing in this Agreement will prevent Executive from accepting speaking or presentation engagements in exchange for honoraria or from serving on boards of charitable or other organizations, or from owning no more than one percent (1%) of the outstanding equity securities of a corporation whose stock is listed on a national stock exchange, except equity securities of General Employment Enterprises, Inc.

(c) No Conflicting Obligations. Executive represents and warrants to the Company that he is under no obligation or commitment, whether contractual or otherwise, that is inconsistent with his obligations under this Agreement. Executive's employment will not infringe or violate the rights of any other person or entity, and Executive warrants that he will not use or disclose, in connection with his employment by the Company, any trade secrets or other proprietary information or intellectual property in which any other person has any right, title, or interest.

### 2. Term and Termination.

(a) Term. The term of this Agreement shall begin on August 1, 2001 (the "Commencement Date") and shall continue for a period of three years; provided, however, the Agreement will be automatically extended one day for each day that elapses after the Commencement Date, such that the Agreement shall have a continuous three (3) year term (the "Term"). The Term shall automatically terminate in the event of Executive's termination of employment as a result of Executive's (i) death, (ii) the disability of Executive by injury

or illness, materially and substantially impairing him from carrying out his duties anticipated under this Agreement for a period of 90 days or longer as determined by the Board of Directors of the Corporation, (such disability shall be established by a certificate from an independent licensed physician, mutually chosen by the parties); or (iii) the written mutual agreement of the Parties. Executive's death or disability commencing after Executive's cessation of active employment shall not result in a cessation of the Term. Either party may terminate this Agreement at any time, provided, however, the parties shall continue to be subject to the post-employment obligations contained in Section 2(b) and Section 9 of this Agreement.

(b) Termination. In the event Executive's employment is terminated other than as a result of Executive's death or disability (as defined in paragraph 2(a) hereinabove) and either (i) by the Company for a reason other than "Cause" or (ii) by the Executive for "Good Reason," the Executive shall be reimbursed for any expenses incurred in connection with outplacement assistance for Executive up to \$25,000 and Executive shall continue to receive the Compensation, Benefits and Perquisites provided under Sections 3 and 4 of this Agreement for the remainder of the Term specified in Section 2(a), above. For purposes of this Agreement, "Cause" means (i) conviction of a felony, (ii) an act of dishonesty or fraud that has a material adverse impact on the business of the Company, or (iii) gross negligence in the performance of his duties as Chief Executive Officer of the Company. "Good Reason" means (i) reduction in the Executive's Compensation under Section 3 of this Agreement or other terms of employment under Section 4 of this Agreement, (ii) reduction in the Executive's position with the Company, or (iii) requirement of Executive's relocation without Executive's consent to an office more than twenty-five (25) miles from the Company's current office in Oakbrook Terrace, Illinois.

### 3. Compensation.

(a) Base Salary. During the Term, the Company shall pay the Executive as compensation for his services a base salary at the annualized rate of not less than Four Hundred Fifty Thousand Dollars (\$450,000), less tax and related withholdings. The Board shall review such base salary annually and may increase such amount as it determines, but such amount shall not be reduced. Base salary shall be paid periodically in accordance with normal Company payroll practices and procedures. The annualized base salary to be paid to Executive pursuant to this Section 3(a), together with any subsequent modifications thereto, shall be referred to in this Agreement as the "Base Salary."

(b) Performance Bonus. Executive shall be eligible to earn an annual Performance Bonus with a Target Annual Amount equal to one hundred percent (100%) of his Base Salary for the applicable fiscal year. Payment of the Performance Bonus shall be based upon the achievement of individual and Company goals mutually agreed to by Executive and the Board, or its designee, for each calendar year. The terms and conditions of this Performance Bonus will be determined by the Board of Directors on or before November 1 of each fiscal year. The award of each year's Performance Bonus, if any, shall be based upon performance criteria to be determined by the Board or the Board's Compensation Committee after consultation with Executive. The Company shall pay any performance bonus payable hereunder on the earlier of (i) thirty (30) days after completion of the Company's audited financial statements for the applicable year or (ii) one hundred eighty (180) days after the end of the applicable year.

### 4. Vacation, Benefits and Perquisites.

(a) Vacation. Executive will be eligible for paid vacation in accordance with the Company's vacation policy applicable to Executive's position and tenure with the Company.

(b) Welfare Benefits. The Company shall provide Executive with Company paid health, dental, and vision benefits. In addition, the

Company shall provide Executive with (i) life insurance equal to two (2) times his Base Salary and (ii) disability income insurance equal to fifty percent (50%) of his Base Salary. It is understood that the benefits provided to the Executive pursuant to this subsection (b) may result in imputed compensation to the Executive.

(c) Supplemental Retirement Benefits. In recognition of Executive's tenure and position with the Company, commencing January 1, 2002 and for the remainder of Executive's tenure with the Company, the Company shall establish and maintain a Supplemental Executive Retirement Plan (the "SERP") and related "Rabbi" trust to which the Company shall contribute, on a monthly basis, an amount equal to not less than ten percent (10%) of Executive's Base Salary for such month. Executive shall be immediately vested in such amounts, but distributions shall not be made under such SERP (nor from the related Rabbi trust) until the Executive's separation from service with the Company or a "Change in Control" of the Company.

For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred if (a) any corporation, person or other entity (other than the Executive, the Company, a majority-owned subsidiary of the Company or any of its subsidiaries, or an employee benefit plan (or related trust) sponsored or maintained by the Company), including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934 becomes the beneficial owner of stock representing more than the greater of (i) twenty-five percent (25%) of the combined voting power of the Company's then outstanding securities or (ii) the percentage of the combined voting power of the Company's then outstanding securities which equals (A) ten percent (10%) plus (B) the percentage of the combined voting power of the Company's outstanding securities held by such corporation, person or entity on the Commencement Date; (b)(i) the stockholders of the Company approve a definitive agreement to merge or consolidate the Company with or into another corporation other than a majority-owned subsidiary of the Company, or to sell or otherwise dispose of all or substantially all of the Company's assets, and (ii) the persons who were the members of the Board of Directors of the Company prior to such approval do not represent a majority of the directors of the surviving, resulting or acquiring entity or the parent thereof; (c) the stockholders of the Company approve a plan of liquidation of the Company; or (d) within any period of 24 consecutive months, persons who were members of the Board of Directors of the Company immediately prior to such 24-month period, together with any persons who were first elected as directors (other than as a result of any settlement of a proxy or consent solicitation contest or any action taken to avoid such a contest) during such 24-month period by or upon the recommendation of persons who were members of the Board of Directors of the Company immediately prior to such 24-month period and who constituted a majority of the Board of Directors of the Company at the time of such election, cease to constitute a majority of the Board.

(d) Perquisites. The Company shall provide Executive with (i) a Company-paid luxury automobile, (ii) a Company-paid cellular telephone, (iii) Company-paid membership in a social or lunch club and a health club, (iv) Company-paid underground parking, and (v) reimbursement of expenses, up to \$3,000 per year, incurred by Executive for tax and financial planning. It is understood that all or a portion of the Perquisites provided under this subsection (d) may result in imputed income to the Executive.

5. Business Expense Reimbursements. During his employment, Executive shall be authorized to incur ordinary, necessary, and reasonable travel, entertainment, and other business expenses in connection with his duties hereunder. The Company shall reimburse Executive for such reasonable expenses upon presentation of an itemized account and appropriate supporting documentation, all in accordance with the Company's generally applicable reimbursement policies.

6. Equity. The Company shall grant Executive an option pursuant

to the Company's existing Stock Plan or Plans (collectively, the "Plan") to purchase 50,000 shares of the Company's Common Stock at its then fair market value. The grant of the Option Shares shall be contingent upon Executive signing the Company's standard form of stock option agreement; the exercise of the Option Shares shall be contingent upon Executive signing the Company's standard form of stock purchase agreement. The Option Shares shall be subject in all respects to the terms and conditions of the Plan.

7. Assignment. This Agreement shall be binding upon and inure to the benefit of (a) the heirs, beneficiaries, executors and legal representatives of Executive upon Executive's death and (b) the Company and any successor of the Company. Any such successor of the Company shall be deemed substituted for the Company under the terms of this Agreement for all purposes. As used herein, "successor" shall include any person, firm, corporation or other business entity which at any time, whether by purchase, merger or otherwise, directly or indirectly acquires all or substantially all of the assets or business of the Company. Executive may not assign this Agreement.

8. Notices. All notices, requests, demands and other communications called for hereunder shall be in writing and shall be deemed given if (a) delivered personally or by facsimile, (b) one (1) day after being sent by Federal Express or a similar commercial overnight service, or (c) three (3) days after being mailed by registered or certified mail, return receipt requested, prepaid and addressed to the parties or their successors in interest at the following addresses, or at such other addresses as the parties may designate by written notice in the manner aforesaid:

If to the Company: General Employment Enterprises, Inc.  
One Tower Lane, Suite 2100  
Oakbrook Terrace, IL 60181  
Attn: Secretary

If to Executive: at the last residential address known by the Company.

9. Non-solicitation, Non-competition and Non-disclosure.

(a) Non-solicitation. During the period commencing on the Commencement Date and continuing until the second (2nd) anniversary of the date of termination of Executive's employment, Executive shall not directly or indirectly solicit or attempt to solicit (on Executive's own behalf or on behalf of any other person or entity) the employment or retaining of any employee or consultant of the Company or any of the Company's affiliates.

(b) Non-competition. During the period commencing on the Commencement Date and continuing until the second (2nd) anniversary of the date of termination of Executive's employment, Executive will not directly or indirectly engage or participate in any business that is competitive in any manner with the business of the Company.

(c) Non-disclosure. Executive shall not use for his or any third party's benefit or, during the period commencing on Executive's termination of employment, directly or indirectly disclose any Confidential Information of the Company. Confidential Information means that information which has commercial value to Company's business and is confidential or proprietary in nature (including, without limitation, names and expertise of employees and consultants, any other technical, business, financial, plans, strategies and other confidential information). Information that is or becomes (through no improper action or inaction by the Executive) generally available to the public shall not be Confidential Information.

10. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force

and effect without said provision.

11. Mutual Arbitration Agreement. Executive and the Company each agree, to the extent permitted by law, to arbitrate before a single neutral arbitrator, in accordance with the National Rules for the Resolution of Employment Disputes of the American Arbitration Association regarding discovery, any dispute or claim arising out of, related to, or connected with Executive's employment, termination of employment, or this Agreement, including the interpretation, validity, construction, performance, breach, or termination thereof, including any claim against any current or former agent or employee of the Company, whether the dispute or claim arises in tort, contract, or pursuant to a statute, regulation, or ordinance now in existence or which in the future may be enacted or recognized, including, but not limited to any claim for fraud, promissory estoppel, breach of contract, breach of the covenant of good faith and fair dealing, wrongful termination, infliction of emotional distress, defamation, interference with contract or prospective economic advantage, unfair business practices, any claim under any and all federal, state, or municipal statutes, regulations, or ordinances that prohibit discrimination, harassment, or retaliation of any kind, any claim for non-payment or incorrect payment of wages, commissions, bonuses, severance, or employee fringe benefits, and any claim regarding stock or stock options, except that any dispute or claim for workers' compensation benefits or unemployment insurance benefits shall be excluded from this mutual agreement to arbitrate.

12. Entire Agreement. This Agreement, and the stock documents, if executed, referenced in Section 6, represent the entire agreement and understanding between the Company and Executive concerning Executive's employment relationship with the Company, and supersede and replace any and all prior agreements and understandings concerning Executive's employment relationship with the Company.

13. No Oral Modification, Cancellation or Discharge. This Agreement may only be amended, canceled or discharged in writing signed by Executive and an authorized member of the Board or authorized officer.

14. Governing Law. This Agreement shall be governed by the laws of the State of Illinois without reference to rules relating to conflicts of law.

15. Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

16. Acknowledgment. Executive acknowledges that he has had the opportunity to discuss this matter with and obtain advice from his private attorney, has had sufficient time to, and has carefully read and fully understands all the provisions of this Agreement, and is knowingly and voluntarily entering into this Agreement.

IN WITNESS WHEREOF, the undersigned parties agree to all the promises, covenants and terms contained herein:

GENERAL EMPLOYMENT ENTERPRISES, INC.

/s/ Sheldon Brottman                      Date: October 5, 2001  
By: Sheldon Brottman

Title: Chairman of the Compensation Committee  
and member of the Board of Directors

EXECUTIVE

/s/ Herbert F. Imhoff, Jr.  
Herbert F. Imhoff, Jr.

Date: October 5, 2001

GENERAL EMPLOYMENT ENTERPRISES, INC.  
CHIEF EXECUTIVE OFFICER BONUS PLAN

The Chief Executive Officer shall receive annually a bonus amount equal to a percentage of his base salary in effect during the bonus year. The percentage to be used shall be the sum of two bonus rates, determined as follows:

1. Income bonus rate - The income bonus rate shall be 10% multiplied by the ratio of consolidated pre-bonus income per \$1,000,000 or fraction thereof.
2. Income improvement bonus rate - The income improvement bonus rate shall be 20% multiplied by the ratio of the improvement in consolidated pre-bonus income per \$1,000,000 or fraction thereof.

For purposes of these calculations, the pre-bonus income of the corporation means the consolidated, fiscal year income before deduction of income taxes and before deduction of the CEO bonus itself. Improvement means the amount of increase in pre-bonus income for the bonus year compared with the immediately preceding year. In calculating the bonus rates, pre-bonus losses and negative improvement amounts shall be treated as "zero."

The maximum percentage for the two bonus rates combined shall not exceed 200%.

The corporation shall pay the bonus to the CEO annually, within 30 days following the completion of the audit of its consolidated financial statements by its independent auditors.

4/11/94

The CORPORATE plan for Retirement Select Plan

BASIC PLAN DOCUMENT

IMPORTANT NOTE

This document is not an IRS approved Prototype Plan. An Adopting Employer may not rely solely on this Plan to ensure that the Plan is "unfunded and maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees" and exempt from parts 2 through 4 of Title I of the Employee Retirement Income Security Act of 1974 with respect to the Employer's particular situation. Fidelity Management Trust Company, its affiliates and employees may not provide you with legal advice in connection with the execution of this document. This document should be reviewed by your attorney and/or accountant prior to execution.

CPR SELECT  
BASIC PLAN DOCUMENT

ARTICLE 1  
ADOPTION AGREEMENT

ARTICLE 2  
DEFINITIONS

2.01 - Definitions

ARTICLE 3  
PARTICIPATION

- 3.01 - Date of Participation
- 3.02 - Resumption of Participation Following Re employment
- 3.03 - Cessation or Resumption of Participation Following a  
Change in Status

ARTICLE 4  
CONTRIBUTIONS

- 4.01 - Deferral Contributions
- 4.02 - Matching Contributions
- 4.03 - Time of Making Employer Contributions

ARTICLE 5  
PARTICIPANTS' ACCOUNTS

- 5.01 - Individual Accounts

ARTICLE 6  
INVESTMENT OF CONTRIBUTIONS

- 6.01 - Manner of Investment
- 6.02 - Investment Decisions

ARTICLE 7  
RIGHT TO BENEFITS

- 7.01 - Normal or Early Retirement
- 7.02 - Death
- 7.03 - Other Termination of Employment
- 7.04 - Separate Account
- 7.05 - Forfeitures
- 7.06 - Adjustment for Investment Experience
- 7.07 - Hardship Withdrawals

ARTICLE 8  
DISTRIBUTION OF BENEFITS PAYABLE AFTER TERMINATION OF SERVICE

- 8.01 - Distribution of Benefits to Participants and Beneficiaries
- 8.02 - Determination of Method of Distribution
- 8.03 - Notice to Trustee
- 8.04 - Time of Distribution

ARTICLE 9  
AMENDMENT AND TERMINATION

- 9.01 - Amendment by Employer
- 9.02 - Retroactive Amendments
- 9.03 - Termination
- 9.04 - Distribution Upon Termination of the Plan

ARTICLE 10  
MISCELLANEOUS

- 10.01 - Communication to Participants
- 10.02 - Limitation of Rights
- 10.03 - Nonalienability of Benefits
- 10.04 - Facility of Payment
- 10.05 - Information between Employer and Trustee
- 10.06 - Notices
- 10.07 - Governing Law

ARTICLE 11  
PLAN ADMINISTRATION

- 11.01 - Powers and responsibilities of the Administrator
- 11.02 - Nondiscriminatory Exercise of Authority
- 11.03 - Claims and Review Procedures
- 11.04 - Cost of Administration

## PREAMBLE

It is the intention of the Employer to establish herein an unfunded plan maintained solely for the purpose of providing deferred compensation for a select group of management or highly compensated employees for purposes of Title I of ERISA.

Article 1. Adoption Agreement.

Article 2. Definitions.

2.01. Definitions.

(a) Wherever used herein, the following terms have the meanings set forth below, unless a different meaning is clearly required by the context:

(1) "Account" means an account established on the books of the Employer for the purpose of recording amounts credited on behalf of a Participant and any income, expenses, gains or losses included thereon.

(2) "Administrator" means the Employer adopting this Plan, or other person designated by the Employer in Section 1.01(b).

(3) "Adoption Agreement" means Article 1 under which the Employer establishes and adopts or amends the Plan and designates the optional provisions selected by the Employer. The provisions of the Adoption Agreement shall be an integral part of the Plan.

(4) "Beneficiary" means the person or persons entitled under Section 7.02 to receive benefits under the Plan upon the death of a Participant.

(5) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(6) "Compensation" shall mean for purposes of Article 4 (Contributions) wages as defined in Section 3401(a) of the Code and all other payments of compensation to an employee by the employer (in the course of the employer's trade or business) for which the employer is required to furnish the employee a written statement under Section 6041(d) and 6051(a)(3) of the Code, excluding any items elected by the Employer in Section 1.04, reimbursements or other expense allowances, fringe benefits (cash and non-cash), moving expenses, deferred compensation and welfare benefits, but including amounts that are not includable in the gross income of the Participant under a salary reduction agreement by reason of the application of Sections 125, 402(a)(8), 402(h), or 403(b) of the Code. Compensation must be determined without regard to any rules under Section 3401(a) of the Code that limit the remuneration included in wages based on the nature or location of the employment or the services performed (such as the exception for agricultural labor in Section 3401(a)(2) of the Code).

Compensation shall generally be based on the amount that would have been actually paid to the Participant during the Plan Year but for an election under Section 4.01.

In the case of any Self-Employed Individual or an Owner-Employee Compensation shall mean the Individual's Earned Income.

(7) "Earned Income" means the net earnings of a Self-Employed Individual derived from the trade or business with respect to which the Plan is established and for which the personal services of such individual are a material income-providing factor, excluding any items not included in gross income and the deductions allocated to such items, except that for taxable years beginning after December 31, 1989 net earnings shall be determined with regard to the deduction allowed under Section 164(f) of the Code, to the extent applicable to the Employer. Net earnings shall be reduced by contributions of the Employer to any qualified plan, to the extent a deduction is allowed to the Employer for such contributions under Section 404 of the Code.

(8) "Employee" means any employee of the Employer, Self-Employed Individual or Owner-Employee.

(9) "Employer" means the employer named in Section 1.02(a) and any Related Employers designated in Section 1.02(b).

(10) "Employment Commencement Date" means the date on which the Employee first performs an Hour of Service.

(11) "ERISA" means the Employee Retirement Income Security Act of 1974, as from time to time amended.

(12) "Fidelity Fund" means any Registered Investment Company which is made available to plans utilizing the CORPORATEplan for Retirement Select Plan.

(13) "Fund Share" means the share, unit, or other evidence of ownership in a Fidelity Fund.

(14) "Hour of Service" means, with respect to any Employee,

(A) Each hour for which the Employee is directly or indirectly paid, or entitled to payment, for the performance of duties for the Employer or a Related Employer, each such hour to be credited to the Employee for the computation period in which the duties were performed;

(B) Each hour for which the Employee is directly or indirectly paid, or entitled to payment, by the Employer or Related Employer (including payments made or due from a trust fund or insurer to which the Employer contributes or pays premiums) on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity, disability, layoff, jury duty, military duty, or leave of absence, each such hour to be credited to the Employee for the Eligibility Computation Period in which such period of time occurs, subject to the following rules:

(i) No more than 501 Hours of Service shall be credited under this paragraph (B) on account of any single continuous period during which the Employee performs no duties;

(ii) Hours of Service shall not be credited under this paragraph (B) for a payment which solely reimburses the Employee for medically-related expenses, or which is made or due under a plan maintained solely for the purpose of complying with applicable workmen's compensation, unemployment compensation or disability insurance laws; and

(iii) If the period during which the Employee performs no duties falls within two or more computation periods and if the payment made on account of such period is not calculated on the basis of units of time, the Hours of Service credited with respect to such period shall be allocated between not more than the first two such computation periods on any reasonable basis consistently applied with respect to similarly situated Employees; and

(C) Each hour not counted under paragraph (A) or (B) for which back pay, irrespective of mitigation of damages, has been either awarded or agreed to be paid by the Employer or a Related Employer, each such hour to be credited to the Employee for the computation period to which the award or agreement pertains rather than the computation period in which the award agreement or payment is made.

For purposes of determining Hours of Service, Employees of the Employer and of all Related Employers will be treated as employed by a single employer. For purposes of paragraphs (B) and (C) above, Hours of Service will be calculated in accordance with the provisions of Section 2530.200b-2(b) of the Department of Labor regulations which are incorporated herein by reference.

Solely for purposes of determining whether a break in service for participation purposes has occurred in a computation period, an individual who is absent from work for maternity or paternity reasons shall receive credit for the hours of service which would otherwise been credited to such individual but for such absence, or in any case in which such hours cannot be determined, 8 hours of service per day of such absence. For purposes of this paragraph, an absence from work for maternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of a birth of a child of the individual, (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement. The hours of service credited under this paragraph shall be credited (1) in the computation period in which the absence begins if the crediting is necessary to prevent a break in service in that period, or (2) in all other cases, in the following computation period.

(15) "Normal Retirement Age" means the normal retirement age specified in Section 1.06(a) of the Adoption Agreement.

(16) "Owner-Employee" means, if the Employer is a sole proprietorship, the individual who is the sole proprietor, or if the Employer is a partnership, a partner who owns more than 10 percent of either the capital interest or the profits interest of the partnership.

(17) "Participant" means any Employee who participates in the Plan in accordance with Article 3 hereof.

(18) "Plan" means the plan established by the Employer as set forth herein as a new plan or as an amendment to an existing plan, by executing the Adoption Agreement, together with any and all amendments hereto.

(19) "Plan Year" means the 12-consecutive month period designated by the Employer in Section 1.01(d).

(20) "Registered Investment Company" means any one or more corporations, partnerships or trusts registered under the Investment Company Act of 1940 for which Fidelity Management and Research Company serves as investment advisor.

(21) "Related Employer" means any employer other than the Employer named in Section 1.02(a), if the Employer and such other employer are members of a controlled group of corporations (as defined in Section 414(b) of the Code) or an affiliated service group (as defined in Section 414(m)), or are trades or businesses (whether or not incorporated) which are under common control (as defined in Section 414(c)), or such other employer is required to be aggregated with the Employer pursuant to regulations issued under Section 414(o).

(22) "Self-Employed Individual" means an individual who has Earned Income for the taxable year from the Employer or who would have had Earned Income but for the fact that the trade or business had no net profits for the taxable year.

(23) "Trust" means the trust created by the Employer.

(24) "Trust Agreement" means the agreement between the Employer and the Trustee, as set forth in a separate agreement, under which assets are held, administered, and managed subject to the claims of the Employer's creditors in the event of the Employer's insolvency, until paid to Plan Participants and their Beneficiaries as specified in the Plan.

(25) "Trust Fund" means the property held in the Trust by the Trustee.

(26) "Trustee" means the corporation or individuals appointed by the Employer to administer the Trust in accordance with the Trust Agreement.

(27) "Years of Service for Vesting" means, with respect to any Employee, the number of whole years of his periods of service with the Employer or a Related Employer (the elapsed time method to compute vesting service), subject to any exclusions elected by the Employer in Section 1.07(b). An Employee will receive credit for the aggregate of all time period(s) commencing with the Employee's Employment Commencement Date and ending on the date a break in service begins, unless any such years are excluded by Section 1.07(b). An Employee will also receive credit for any period of severance of less than 12 consecutive months. Fractional periods of a year will be expressed in terms of days.

In the case of a Participant who has 5 consecutive 1-year breaks in service, all years of service after such breaks in service will be disregarded for the purpose of vesting the Employer-derived account balance that accrued before such breaks, but both pre-break and post-break service will count for the purposes of vesting the Employer-derived account balance that accrues after such breaks. Both accounts will share in the earnings and losses of the fund.

In the case of a Participant who does not have 5 consecutive 1-year breaks in service, both the pre-break and post-break service will count in vesting both the pre-break and post-break employer-derived account balance.

A break in service is a period of severance of at least 12 consecutive months. Period of severance is a continuous period of time during which the Employee is not employed by the Employer. Such period begins on the date the Employee retires, quits or is discharged, or if earlier, the 12 month anniversary of the date on which the Employee was otherwise first absent from service.

In the case of an individual who is absent from work for maternity or paternity reasons, the 12-consecutive month period beginning on the first anniversary of the first date of such absence shall not constitute a break in service. For purposes of this paragraph, an absence from work for maternity or paternity reasons means an absence (1) by reason of the pregnancy of the individual, (2) by reason of the birth of a child of the individual, (3) by reason of the placement of a child with the individual in connection with the adoption of such child by such individual, or (4) for purposes of caring for such child for a period beginning immediately following such birth or placement.

If the Plan maintained by the Employer is the plan of a predecessor employer, an Employee's Years of Service for Vesting shall include years of service with such predecessor employer. In any case in which the Plan maintained by the Employer is not the plan maintained by a predecessor employer, service for such predecessor shall be treated as service for the Employer to the extent provided in Section 1.08.

(b) Pronouns used in the Plan are in the masculine gender but include the feminine gender unless the context clearly indicates otherwise.

### Article 3. Participation.

3.01. Date of Participation. An eligible Employee (as set forth in Section 1.03(a)) will become a Participant in the Plan on the first Entry Date after which he becomes an eligible Employee if he has filed an election pursuant to Section 4.01. If the eligible Employee does not file an election pursuant to Section 4.01 prior to his first Entry Date, then the eligible Employee will become a Participant in the Plan as of the first day of a Plan Year for which he has filed an election.

3.02. Resumption of Participation Following Re employment. If a Participant ceases to be an Employee and thereafter returns to the employ of the Employer he will again become a Participant as of an Entry Date following the date on which he completes an Hour of Service for the Employer following his re employment, if he is an eligible Employee as defined in Section 1.03(a), and has filed an election pursuant to Section 4.01.

3.03. Cessation or Resumption of Participation Following a Change in Status. If any Participant continues in the employ of the Employer or Related Employer but ceases to be an eligible Employee as defined in Section 1.03(a), the individual shall continue to be a Participant until the entire amount of his benefit is distributed; however, the individual shall not be entitled to make Deferral Contributions or receive an allocation of Matching contributions during the period that he is not an eligible Employee. Such Participant shall continue to receive credit for service completed during the period for purposes of determining his vested interest in his Accounts. In the event that the individual subsequently again becomes an eligible Employee, the individual shall resume full participation in accordance with Section 3.01.

#### Article 4. Contributions.

4.01. Deferral Contributions. Each Participant may elect to execute a salary reduction agreement with the Employer to reduce his Compensation by a specified percentage not exceeding the percentage set forth in Section 1.05(a) and equal to a whole number multiple of one (1) percent. Such agreement shall become effective on the first day of the period as set forth in the Participant's election. The election will be effective to defer Compensation relating to all services performed in a Plan Year subsequent to the filing of such an election. An election once made will remain in effect until a new election is made. A new election will be effective as of the first day of the following Plan Year and will apply only to Compensation payable with respect to services rendered after such date. Amounts credited to a Participant's account prior to the effective date of any new election will not be affected and will be paid in accordance with that prior election. The Employer shall credit an amount to the account maintained on behalf of the Participant corresponding to the amount of said reduction. Under no circumstances may a salary reduction agreement be adopted retroactively. A Participant may not revoke a salary reduction agreement for a Plan year during that year.

4.02. Matching Contributions. If so provided by the Employer in Section 1.05(b), the Employer shall make a Matching Contribution to be credited to the account maintained on behalf of each Participant who had Deferral Contributions made on his behalf during the year and who meets the requirement, if any, of Section 1.05(b)(3). The amount of the Matching Contribution shall be determined in accordance with Section 1.05(b).

4.03. Time of Making Employer Contributions. The Employer will from time to time make a transfer of assets to the Trustee for each Plan Year. The Employer shall provide the Trustee with information on the amount to be credited to the separate account of each Participant maintained under the Trust.

#### Article 5. Participants' Accounts.

5.01. Individual Accounts. The Administrator will establish and maintain an Account for each Participant which will reflect Matching and Deferral Contributions credited to the Account on behalf of the Participant and earnings, expenses, gains and losses credited thereto, and deemed investments made with amounts in the Participant's Account. The Administrator will establish and maintain such other accounts and records as it decides in its discretion to be reasonably required or appropriate in order to discharge its duties under the Plan. Participants will be furnished

statements of their Account values at least once each Plan Year.

#### Article 6. Investment of Contributions.

6.01. Manner of Investment. All amounts credited to the Accounts of Participants shall be treated as though invested and reinvested only in eligible investments selected by the Employer in Section 1.11(b).

6.02. Investment Decisions. Investments in which the Accounts of Participants shall be treated as invested and reinvested shall be directed by the Employer or by each Participant, or both, in accordance with the Employer's election in Section 1.11(a).

(a) All dividends, interest, gains and distributions of any nature earned in respect of Fund Shares in which the Account is treated as investing shall be credited to the Account as though reinvested in additional shares of that Fidelity Fund.

(b) Expenses attributable to the acquisition of investments shall be charged to the Account of the Participant for which such investment is made.

#### Article 7. Right to Benefits.

7.01. Normal or Early Retirement. If provided by the Employer in Section 1.07(d), each Participant who attains his Normal Retirement Age or Early Retirement Age will have a nonforfeitable interest in his Account in accordance with the vesting schedule elected in Section 1.07. If a Participant retires on or after attainment of Normal or Early Retirement Age, such retirement is referred to as a normal retirement. On or after his normal retirement, the balance of the Participant's Account, plus any amounts thereafter credited to his Account, subject to the provisions of Section 7.06, will be distributed to him in accordance with Article 8.

If provided by the Employer in Section 1.06, a Participant who separates from service before satisfying the age requirements for early retirement, but has satisfied the service requirement will be entitled to the distribution of his Account, subject to the provisions of Section 7.06, in accordance with Article 8, upon satisfaction of such age requirement.

7.02. Death. If a Participant dies before the distribution of his Account has commenced, or before such distribution has been completed, his Account shall become vested in accordance with the vesting schedule elected in Section 1.07 and his designated Beneficiary or Beneficiaries will be entitled to receive the balance or remaining balance of his Account, plus any amounts thereafter credited to his Account, subject to the provisions of Section 7.06. Distribution to the Beneficiary or Beneficiaries will be made in accordance with Article 8.

A Participant may designate a Beneficiary or Beneficiaries, or change any prior designation of Beneficiary or Beneficiaries by giving notice to the Administrator on a form designated by the Administrator. If more than one person is designated as the Beneficiary, their respective interests shall be as indicated on the designation form.

A copy of the death notice or other sufficient documentation must be filed with and approved by the Administrator. If upon the death of the Participant there

is, in the opinion of the Administrator, no designated Beneficiary for part or all of the Participant's Account, such amount will be paid to his surviving spouse or, if none, to his estate (such spouse or estate shall be deemed to be the Beneficiary for purposes of the Plan). If a Beneficiary dies after benefits to such Beneficiary have commenced, but before they have been completed, and, in the opinion of the Administrator, no person has been designated to receive such remaining benefits, then such benefits shall be paid to the deceased Beneficiary's estate.

7.03. Other Termination of Employment. If provided by the Employer in Section 1.06, if a Participant terminates his employment for any reason other than death or normal retirement, he will be entitled to a termination benefit equal to (i) the vested percentage(s) of the value of the Matching Contributions to his Account, as adjusted for income, expense, gain, or loss, such percentage(s) determined in accordance with the vesting schedule(s) selected by the Employer in Section 1.07, and (ii) the value of the Deferral Contributions to his Account as adjusted for income, expense, gain or loss. The amount payable under this Section 7.03 will be subject to the provisions of Section 7.06 and will be distributed in accordance with Article 8.

7.04. Separate Account. If a distribution from a Participant's Account has been made to him at a time when he has a nonforfeitable right to less than 100 percent of his Account, the vesting schedule in Section 1.07 will thereafter apply only to amounts in his Account attributable to Matching Contributions allocated after such distribution. The balance of his Account immediately after such distribution will be transferred to a separate account which will be maintained for the purpose of determining his interest therein according to the following provisions.

At any relevant time prior to a forfeiture of any portion thereof under Section 7.05, a Participant's nonforfeitable interest in his Account held in a separate account described in the preceding paragraph will be equal to  $P(AB + (RxD)) - (RxD)$ , where P is the nonforfeitable percentage at the relevant time determined under Section 7.05; AB is the account balance of the separate account at the relevant time; D is the amount of the distribution; and R is the ratio of the account balance at the relevant time to the account balance after distribution. Following a forfeiture of any portion of such separate account under Section 7.05 below, any balance in the Participant's separate account will remain fully vested and nonforfeitable.

7.05. Forfeitures. If a Participant terminates his employment, any portion of his Account (including any amounts credited after his termination of employment) not payable to him under Section 7.03 will be forfeited by him. For purposes of this paragraph, if the value of a Participant's vested account balance is zero, the Participant shall be deemed to have received a distribution of his vested interest immediately following termination of employment. Such forfeitures will be applied to reduce the contributions of the Employer under the Plan (or administrative expenses of the Plan).

7.06. Adjustment for Investment Experience. If any distribution under this Article 7 is not made in a single payment, the amount remaining in the Account after the distribution will be subject to adjustment until distributed to reflect the income and gain or loss on the investments in which such amount is treated as invested and any expenses properly charged under the Plan and Trust to such amounts.

7.07. Hardship Withdrawals. Subject to the provisions of Article 8, a Participant shall not be permitted to withdraw

his Account (and earnings thereon) prior to retirement or termination of employment, except if permitted under Section 1.09, a Participant may apply to the Administrator to withdraw some or all of his Account if such withdrawal is made on account of a hardship as determined by the Employer.

#### Article 8. Distribution of Benefits Payable after Termination of Service.

##### 8.01. Distribution of Benefits to Participants and Beneficiaries.

(a) Distributions under the Plan to a Participant or to the Beneficiary of the Participant shall be made in a lump sum in cash or, if elected by the Employer in Section 1.10 and specified in the Participant's deferral election, under a systematic withdrawal plan (installment(s))not exceeding 10 years upon retirement, death or other termination of employment.

(b) Distributions under a systematic withdrawal plan must be made in substantially equal annual, or more frequent, installments, in cash, over a period certain which does not extend 10 years. The period certain specified in a Participant's first deferral election specifying distribution under a systematic withdrawal plan shall apply to all subsequent elections of distributions under a systematic withdrawal plan made by the Participant.

8.02. Determination of Method of Distribution. The Participant will determine the method of distribution of benefits to himself and the method of distribution to his Beneficiary. Such determination will be made at the time the Participant makes a deferral election. If the Participant does not determine the method of distribution to him or his Beneficiary, the method shall be a lump sum.

8.03. Notice to Trustee. The Administrator will notify the Trustee in writing whenever any Participant or Beneficiary is entitled to receive benefits under the Plan. The Administrator's notice shall indicate the form, amount and frequency of benefits that such Participant or Beneficiary shall receive.

8.04. Time of Distribution. In no event will distribution to a Participant be made later than the date specified by the Participant in his salary reduction agreement.

#### Article 9. Amendment and Termination.

9.01 Amendment by Employer. The Employer reserves the authority to amend the Plan by filing with the Trustee an amended Adoption Agreement, executed by the Employer only, on which said Employer has indicated a change or changes in provisions previously elected by it. Such changes are to be effective on the effective date of such amended Adoption Agreement. Any such change notwithstanding, no Participant's Account shall be reduced by such change below the amount to which the Participant would have been entitled if he had voluntarily left the employ of the Employer immediately prior to the date of the change. The Employer may from time to time make any amendment to the Plan that may be necessary to satisfy the Code or ERISA. The Employer's board of directors or other individual specified in the resolution adopting this Plan shall act on behalf of the Employer for purposes of this Section 9.01.

9.02 Retroactive Amendments. An amendment made by the Employer in accordance with Section 9.01 may be made effective on a date prior to the first day of the Plan Year

in which it is adopted if such amendment is necessary or appropriate to enable the Plan and Trust to satisfy the applicable requirements of the Code or ERISA or to conform the Plan to any change in federal law or to any regulations or ruling thereunder. Any retroactive amendment by the Employer shall be subject to the provisions of Section 9.01.

9.03. Termination. The Employer has adopted the Plan with the intention and expectation that contributions will be continued indefinitely. However, said Employer has no obligation or liability whatsoever to maintain the Plan for any length of time and may discontinue contributions under the Plan or terminate the Plan at any time by written notice delivered to the Trustee without any liability hereunder for any such discontinuance or termination.

9.04. Distribution upon Termination of the Plan. Upon termination of the Plan, no further Deferral Contributions or Matching Contributions shall be made under the Plan, but Accounts of Participants maintained under the Plan at the time of termination shall continue to be governed by the terms of the Plan until paid out in accordance with the terms of the Plan.

#### Article 10. Miscellaneous.

10.01. Communication to Participants. The Plan will be communicated to all Participants by the Employer promptly after the Plan is adopted.

10.02. Limitation of Rights. Neither the establishment of the Plan and the Trust, nor any amendment thereof, nor the creation of any fund or account, nor the payment of any benefits, will be construed as giving to any Participant or other person any legal or equitable right against the Employer, Administrator or Trustee, except as provided herein; and in no event will the terms of employment or service of any Participant be modified or in any way affected hereby.

10.03. Nonalienability of Benefits. The benefits provided hereunder will not be subject to alienation, assignment, garnishment, attachment, execution or levy of any kind, either voluntarily or involuntarily, and any attempt to cause such benefits to be so subjected will not be recognized, except to such extent as may be required by law.

10.04. Facility of Payment. In the event the Administrator determines, on the basis of medical reports or other evidence satisfactory to the Administrator, that the recipient of any benefit payments under the Plan is incapable of handling his affairs by reason of minority, illness, infirmity or other incapacity, the Administrator may direct the Trustee to disburse such payments to a person or institution designated by a court which has jurisdiction over such recipient or a person or institution otherwise having the legal authority under State law for the care and control of such recipient. The receipt by such person or institution of any such payments shall be complete acquittance therefore, and any such payment to the extent thereof, shall discharge the liability of the Trust for the payment of benefits hereunder to such recipient.

10.05. Information between Employer and Trustee. The Employer agrees to furnish the Trustee, and the Trustee agrees to furnish the Employer with such information relating to the Plan and Trust as may be required by the other in order to carry out their respective duties hereunder, including without limitation information required under the Code or ERISA and any regulations issued or forms adopted thereunder.

10.06. Notices. Any notice or other communication in connection with this Plan shall be deemed delivered in writing if addressed as provided below and if either actually delivered at said address or, in the case of a letter, three business days shall have elapsed after the same shall have been deposited in the United States mails, first-class postage prepaid and registered or certified:

(a) If to the Employer or Administrator, to it at the address set forth in the Adoption Agreement, to the attention of the person specified to receive notice in the Adoption Agreement;

(b) If to the Trustee, to it at the address set forth in the Trust Agreement;

or, in each case at such other address as the addressee shall have specified by written notice delivered in accordance with the foregoing to the addressor's then effective notice address.

10.07. Governing Law. The Plan and the accompanying Adoption Agreement will be construed, administered and enforced according to ERISA, and to the extent not preempted thereby, the laws of the Commonwealth of Massachusetts.

#### Article 11. Plan Administration.

##### 11.01. Powers and responsibilities of the Administrator.

The Administrator has the full power and the full responsibility to administer the Plan in all of its details, subject, however, to the applicable requirements of ERISA. The Administrator's powers and responsibilities include, but are not limited to, the following:

(a) To make and enforce such rules and regulations as it deems necessary or proper for the efficient administration of the Plan;

(b) To interpret the Plan, its interpretation thereof in good faith to be final and conclusive on all persons claiming benefits under the Plan;

(c) To decide all questions concerning the Plan and the eligibility of any person to participate in the Plan;

(d) To administer the claims and review procedures specified in Section 11.03;

(e) To compute the amount of benefits which will be payable to any Participant, former Participant or Beneficiary in accordance with the provisions of the Plan;

(f) To determine the person or persons to whom such benefits will be paid;

(g) To authorize the payment of benefits;

(h) To comply with the reporting and disclosure requirements of Part 1 of Subtitle B of Title I of ERISA;

(i) To appoint such agents, counsel, accountants, and consultants as may be required to assist in administering the Plan;

(j) By written instrument, to allocate and delegate its responsibilities, including the formation of an Administrative Committee to administer the Plan;

11.02. Nondiscriminatory Exercise of Authority. Whenever, in the administration of the Plan, any discretionary action by the Administrator is required, the Administrator shall exercise its authority in a nondiscriminatory manner so that all persons similarly situated will receive substantially the same treatment.

11.03. Claims and Review Procedures.

(a) Claims Procedure. If any person believes he is being denied any rights or benefits under the Plan, such person may file a claim in writing with the Administrator. If any such claim is wholly or partially denied, the Administrator will notify such person of its decision in writing. Such notification will contain (i) specific reasons for the denial, (ii) specific reference to pertinent Plan provisions, (iii) a description of any additional material or information necessary for such person to perfect such claim and an explanation of why such material or information is necessary, and (iv) information as to the steps to be taken if the person wishes to submit a request for review. Such notification will be given within 90 days after the claim is received by the Administrator (or within 180 days, if special circumstances require an extension of time for processing the claim, and if written notice of such extension and circumstances is given to such person within the initial 90-day period). If such notification is not given within such period, the claim will be considered denied as of the last day of such period and such person may request a review of his claim.

(b) Review Procedure. Within 60 days after the date on which a person receives a written notice of a denied claim (or, if applicable, within 60 days after the date on which such denial is considered to have occurred), such person (or his duly authorized representative) may (i) file a written request with the Administrator for a review of his denied claim and of pertinent documents and (ii) submit written issues and comments to the Administrator. The Administrator will notify such person of its decision in writing. Such notification will be written in a manner calculated to be understood by such person and will contain specific reasons for the decision as well as specific references to pertinent Plan provisions. The decision on review will be made within 60 days after the request for review is received by the Administrator (or within 120 days, if special circumstances require an extension of time for processing the request, such as an election by the Administrator to hold a hearing, and if written notice of such extension and circumstances is given to such person within the initial 60-day period). If the decision on review is not made within such period, the claim will be considered denied.

11.04. Costs of Administration. Unless some or all costs and expenses are paid by the Employer, all reasonable costs and expenses (including legal, accounting, and employee communication fees) incurred by the Administrator and the Trustee in administering the Plan and Trust will be paid first from the forfeitures (if any) resulting under Section 7.05, then from the remaining Trust Fund. All such costs and expenses paid from the Trust Fund will, unless allocable to the Accounts of particular Participants, be charged against the Accounts of all Participants on a prorata basis or in such other reasonable manner as may be directed by the Employer.

CPR SELECT

THE CORPORATE PLAN FOR RETIREMENT  
SELECT PLAN

Adoption Agreement

IMPORTANT NOTE

This document is not an IRS approved Prototype Plan. An Adopting Employer may not rely solely on this Plan to ensure that the Plan is "unfunded and maintained primarily for the purpose of providing deferred compensation to a select group of management or highly compensated employees" and exempt from Parts 2 through 4 of Title I of the Employee Retirement Income Security Act of 1974 with respect to the Employer's particular situation. Fidelity Management Trust Company, its affiliates and employees may not provide you with legal advice in connection with the execution of this document. This document should be reviewed by your attorney and/or accountant prior to execution.

ADOPTION AGREEMENT  
ARTICLE 1

1.01 PLAN INFORMATION

(a) Name of Plan:

This is the General Employment Enterprises, Inc.

Executive Retirement Plan Plan (the "Plan").

(b) Name of Plan Administrator, if not the Employer:

Address:

Phone Number:

The Plan Administrator is the agent for service of legal process for the Plan.

(c) Three Digit Plan Number: 002

(d) Plan Year End (month/day): 12/31/2002

(e) Plan Status (check one):

(1) Effective Date of New Plan: 01/01/2002

(2) Amendment Effective Date:

The original effective date of the Plan:

#### 1.02 EMPLOYER

(a) The Employer is: General Employment Enterprises, Inc.

Address: One Tower Lane, Suite 2100  
Oakbrook Terrace, IL 60181

Contact's Name: Sherry L. Hubacek  
Telephone Number: 630-954-0408

(1) Employer's Tax Identification Number: 36-6097429

(2) Business form of Employer (check one):

(A)  Corporation

(B)  Sole proprietor or partnership

(C)  Subchapter S Corporation

(3) Employer's fiscal year end: 9/30

(b) The term "Employer" includes the following Related Employer(s) (as defined in Section 2.01(a)(21)):

Triad Personnel Services, Inc.

#### 1.03 COVERAGE

(a) Only those Employees listed in Attachment A will be eligible to participate in the Plan.

(b) The Entry Date(s) shall be (check one):

(1)  the first day of each Plan Year.

- (2) the first day of each Plan Year and the date six months later.
- (3) the first day of each Plan Year and the first day of the fourth, seventh, and tenth months.
- (4) the first day of each month.

#### 1.04 COMPENSATION

For purposes of determining Contributions under the Plan, Compensation shall be as defined in Section 2.01(a)(6), but excluding (check the appropriate box(es)):

- (a)  Overtime Pay.
- (b)  Bonuses.
- (c)  Commissions.
- (d)  The value of a qualified or a non-qualified stock option granted to an Employee by the Employer to the extent such value is includable in the Employee's taxable income.
- (e)  No exclusions.

#### 1.05 CONTRIBUTIONS

- (a) Deferral Contributions: The Employer shall make a Deferral Contribution in accordance with Section 4.01 on behalf of each Participant who has an executed salary reduction agreement in effect with the Employer for the Plan Year (or portion of the Plan Year) in question, not to exceed 0% of Compensation for that Plan Year.
- (b) Matching Contributions
  - (1) The Employer shall make a Matching Contribution on behalf of each Participant in an amount equal to the following percentage of a Participant's Deferral Contributions during the Plan Year (check one):
    - (A) 50%
    - (B) 100%
    - (C) \_\_\_%
    - (D) (Tiered Match) \_\_\_% of the first \_\_\_% of the Participant's Compensation contributed to the Plan,  
\_\_\_% of the next \_\_\_% of the Participant's Compensation contributed to the Plan,  
\_\_\_% of the next \_\_\_% of the Participant's Compensation contributed to the Plan.
    - (E) The percentage declared for the year, if any, by a Board of Directors' resolution.
    - (F) Other:
  - (2) Matching Contribution Limits (check the appropriate box(es)):
    - (A) Deferral Contributions in excess of \_\_\_% of the Participant's Compensation for the period in question shall not be considered for Matching Contributions.

Note: If the Employer elects a percentage limit in A) above and requests the Trustee to account separately for matched and unmatched Deferral Contributions, the Matching Contributions allocated to each Participant must be computed, and the limit applied, based upon each period.

(B) Matching Contributions for each Participant for each Plan Year shall be limited to \$ \_\_\_\_\_.

(3) Eligibility Requirement(s) for Matching Contributions

A Participant who makes Deferral Contributions during the Plan Year under Section 1.05(a) shall be entitled to Matching Contributions for that Plan Year if the Participant satisfies the following requirement(s) (Check the appropriate box(es). Options (B) and (C) may not be elected together):

(A) Is employed by the Employer on the last day of the Plan Year.

(B) Earns at least 500 Hours of Service during the Plan Year.

(C) Earns at least 1,000 Hours of Service during the Plan Year.

(D) No requirements.

Note: If option (A), (B), or (C) above is selected then Matching Contributions can only be made by the Employer after the Plan Year ends. Any Matching Contribution made before Plan Year end shall not be subject to the eligibility requirements of this Section 1.05(b)(3).

#### 1.06 DISTRIBUTION DATES

A Participant may elect to receive a distribution or commence distribution from his Account pursuant to Section 8.02 upon the following date(s) (check the appropriate box(es). If Option (c) is elected, then options (a) and (b) may not be elected).

(a) Attainment of Normal Retirement Age. Normal Retirement Age under the Plan is (check one):

(1) age 65.

(2) age \_\_\_ (specify from 55 through 64).

(3) later of the age \_\_\_ (can not exceed 65) or the fifth anniversary of the Participant's Commencement Date.

(b) Attainment of Early Retirement Age. Early Retirement Age is the first day of the month after the Participant attains age \_\_\_ (specify 55 or greater) and completes \_\_\_ Years of Service for Vesting.

(c)  Termination of employment with the Employer.

#### 1.07 VESTING SCHEDULE

(a) The Participant's vested percentage in Matching Contributions elected in Section 1.05(b) shall be based

upon the schedule(s) selected below.

- (1) N/A - No Matching Contributions
- (2) 100% Vesting immediately
- (3) 3 year cliff (see C below)
- (4) 5 year cliff (see D below)
- (5) 6 year graduated (see E below)
- (6) 7 year graduated (see F below)
- (7) G below
- (8) Other (Attachment "C")

Years of Service for Vesting

	C	D	E	F	G
0	0%	0%	0%	0%	----
1	0%	0%	0%	0%	----
2	0%	0%	20%	0%	----
3	100%	0%	40%	20%	----
4	100%	0%	60%	40%	----
5	100%	100%	80%	60%	----
6	100%	100%	100%	80%	----
7	100%	100%	100%	100%	100%

(b) X Years of Service for Vesting shall include (check one):

- (1) for new plans, service prior to the Effective Date as defined in Section 1.01(e)(1).
- (2) for existing plans converting from another plan document, service prior to the original Effective Date as defined in Section 1.01(e)(2).

(c) A Participant will forfeit his Matching Contribution upon the occurrence of the following event(s):

(d) A Participant will be 100% vested in his Matching Contributions upon (check the appropriate box(es), if any):

- (1) Normal Retirement Age (as defined in Section 1.06(a)).
- (2) Early Retirement Age (as defined in Section 1.06(b)).
- (3) X Death

#### 1.08 PREDECESSOR EMPLOYER SERVICE

Service for purposes of vesting in Section 1.07(a) shall include service with the following employer(s):

- (a)
- (b)
- (c)
- (d)

#### 1.09 HARDSHIP WITHDRAWALS

Participant withdrawals for hardship prior to termination of employment (check one):

- (a) will be allowed in accordance with Section 7.07, subject to a \$ \_\_\_ minimum amount. (Must be at least \$1,000)
- (b)  will not be allowed.

#### 1.10 DISTRIBUTION

Subject to Articles 7 and 8, distributions under the Plan will be paid (check the appropriate box(es)):

- (a)  as a lump sum.
- (b)  under a systematic withdrawal plan (installments) not to exceed 10 years.

#### 1.11 INVESTMENT DECISIONS

##### (a) Investment Directions

Investments in which the Account of Participants shall be treated as invested and reinvested shall be directed (check one):

- (1) by the Employer among the options listed in (b) below.
- (2)  by each Participant among the options listed in (b) below.
- (3) by each Participant with respect to Deferral Contributions and by the Employer with respect to Employer Matching Contributions. The Employer must direct the Employer Matching Contributions among the same investment options made available for Participant directed sources listed in (b) below.

##### (b) Plan Investment Options

Participant Accounts will be treated as invested among the Fidelity Funds listed below pursuant to Participant and/or Employer directions.

Fund Name	Fund Number
(1) Fidelity Aggressive Growth	00324
(2) Fidelity Magellan Fund	00021
(3) Fidelity Growth & Income Portfolio	00027
(4) Fidelity Asset Manager	00314
(5) Sparton U.S. Equity Index Fund	00650
(6) Fidelity Investment Grade Bond Fund	00026
(7) Fidelity Retirement Money Market Portfolio	00630
(8) Janus Worldwide Fund	OF52
(9) PBHG Growth Fund	OF67
(10) PBHG Emerging Growth Fund	OF66

Note: An additional annual recordkeeping fee will be charged for each fund in excess of five funds.

Note: The method and frequency for change of investments will be determined under the rules applicable to the selected funds. Information will be provided regarding expenses, if any, for changes

in investment options.

#### 1.12 RELIANCE ON PLAN

An adopting Employer may not rely solely in this Plan to insure that the Plan is "unfounded and maintained primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees" and exempt from Parts 2 through 4 of Title 1 of the Employee Retirement Income Security Act of 1974 with respect to the Employer's particular situation. This Agreement must be reviewed by your attorney and/or accountant before it is executed.

This Adoption Agreement may be used only in conjunction with the CORPORATE plan for Retirement Select Basic Plan Document.

EXECUTION PAGE  
(Fidelity's Copy)

IN WITNESS WHEREOF, the Employer has caused this Adoption Agreement to be executed this 27th day of September, 2001.

Employer General Employment Enterprises, Inc.

By /s/ Herbert F. Imhoff, Jr.

Title CEO & President

EXECUTION PAGE  
(Employer's Copy)

IN WITNESS WHEREOF, the Employer has caused this Adoption Agreement to be executed this 27th day of September, 2001.

Employer General Employment Enterprises, Inc.

By /s/ Herbert F. Imhoff, Jr.

Title CEO & President

FIRST AMENDMENT TO THE  
GENERAL EMPLOYMENT ENTERPRISES, INC.  
EXECUTIVE RETIREMENT PLAN

WHEREAS, General Employment Enterprises, Inc. (the "Corporation") has adopted the General Employment Enterprises, Inc. Executive Retirement Plan by the adoption of The CORPORATEplan for RetirementSM SELECT PLAN by executing an Adoption Agreement on September 27,2001; and

WHEREAS, Section 9.01 of The CORPORATEplan for RetirementSM SELECT PLAN provides for the amendment of the Plan by the Employer, and

WHEREAS, the Employer wants to amend the Basic Plan and the Adoption Agreement.

NOW THEREFORE, Article 2.01 Definitions part (a) of the Plan is hereby amended to include the following:

(28) "Change in Control of the Employer" shall be deemed to have occurred if (a) any corporation, person or other entity (other than the Executive, the Company, a majority-owned subsidiary of the Company or any of its subsidiaries, or an employee benefit plan (or related trust) sponsored or maintained by the Company), including a "group" as defined in Section 13(d)(3) of the Securities Exchange Act of 1934 becomes the beneficial owner of stock representing more than the greater of (i) twenty-five percent (25%) of the combined voting power of the Company's then outstanding securities or (ii) the percentage of the combined voting power of the Company's then outstanding securities which equals (A) ten percent (10%) plus (B) the percentage of the combined voting power of the Company's outstanding securities held by such corporation, person or entity on the Commencement Date; (b)(i) the stockholders of the Company approve a definitive agreement to merge or consolidate the Company with or into another corporation other than a majority-owned subsidiary of the Company, or to sell or otherwise dispose of all or substantially all of the Company's assets, and (ii) the persons who were the members of the Board of Directors of the Company prior to such approval do not represent a majority of the directors of the surviving, resulting or acquiring entity or the parent thereof; (c) the stockholders of the Company approve a plan of liquidation of the Company; or (d) within any period of 24 consecutive months, persons who were members of the Board of Directors of the Company immediately prior to such 24-month period, together with any persons who were first elected as directors (other than as a result of any settlement of a proxy or consent solicitation contest or any action taken to avoid such a contest) during such 24-month period by or upon the recommendation of persons who were members of the Board of Directors of the Company immediately prior to such 24-month period and who constituted a majority of the Board of Directors of the Company at the time of such election, cease to constitute a majority of the Board.

AND FURTHER, Article 7 Right to Benefit of the Plan is hereby amended to include the following:

7.08 Change in Control. If a Change in Control were deemed to have occurred, a Participant will be entitled to a Distribution in accordance with the provisions of Article 8.

AND FURTHER, Section 1.05 "Matching Contributions" part (b) of the Adoption Agreement is hereby amended to include the following:

(4) X Employer Contributions - The Employer will contribute a percentage of Compensation for each Participant as stated on Attachment B.

AND FURTHER, Section 1.07 "Vesting Schedule" part (b) of the Adoption Agreement is hereby amended to include the following:

(3) X Service prior to the Participant's Entry Date.

AND FURTHER, Section 1.07 "Vesting Schedule" part (d) of the Adoption Agreement is hereby amended to include the following:

(4) X A Change in Control of the Employer.

IN WITNESS WHEREOF General Employment Enterprises, Inc. has caused this amendment to be executed this 27th day of September 2001, by its duly authorized officer.

GENERAL EMPLOYMENT ENTERPRISES, INC.

By: /s/ Herbert F. Imhoff, Jr.

Title: CEO & President

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 33-91550, No. 33-46124, No. 333-25129 and No. 333-76879) pertaining to the General Employment Enterprises, Inc. Stock Option Plans of our report dated November 9, 2001, with respect to the consolidated financial statements of General Employment Enterprises, Inc. and subsidiary included in the Annual Report (Form 10-K) for the year ended September 30, 2001.

/s/ Ernst & Young LLP

Chicago, Illinois  
November 19, 2001