UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-Q

[X] Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended December 31, 2001

or

[ ] 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 incorporation or organization)	(I.R.S. Employer Identification Number)

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

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

Not Applicable
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No __

The number of shares outstanding of the issuer's common stock as of January 31, 2002 was 5,120,776.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED BALANCE SHEET (Unaudited)

(In Thousands)	December 31 2001	September 30 2001
ASSETS		
Current assets:		
Cash and equivalents	$ 6,244	$ 7,293
Short-term investments	497	495
Accounts receivable, less allowances		
(Dec. 2001 --$178; Sept. 2001 --$243)	2,335	2,685
Income tax refunds receivable	1,307	948
Other current assets	555	625

Total current assets	10,938	12,046
Property and equipment:		
Furniture, fixtures and equipment	6,689	6,697
Accumulated depreciation	(4,137)	(3,952)
Net property and equipment	2,552	2,745
Goodwill, net of accumulated amortization	882	888
Total assets	$14,372	$15,679

LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accrued compensation and payroll taxes	$ 1,105	$ 1,753
Other current liabilities	705	849
Total current liabilities	1,810	2,602
Shareholders' equity:		
Common stock, no-par value; authorized -- 20,000 shares; issued and outstanding -- 5,121 shares in December 2001 and 5,087 shares in September 2001	51	51
Capital in excess of stated value of shares	4,604	4,569
Retained earnings	7,907	8,457
Total shareholders' equity	12,562	13,077
Total liabilities and shareholders' equity	$14,372	$15,679

See notes to consolidated financial statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENT OF INCOME (Unaudited)

	Three Months Ended December 31	
(In Thousands, Except Per Share)	2001	2000
Net revenues:		
Placement services	$1,882	$5,564
Contract services	3,627	3,348
Net revenues	5,509	8,912
Operating expenses:		
Cost of contract services	2,398	2,148
Selling	1,304	3,458
General and administrative	2,735	3,247
Total operating expenses	6,437	8,853
Income (loss) from operations	(928)	59
Interest income	48	194
Income (loss) before income taxes	(880)	253
Provision (credit) for income taxes	(330)	105
Net income (loss)	$ (550)	$ 148
Net income (loss) per share	$ (.11)	$ .03
Average number of shares	5,104	5,087

See notes to consolidated financial statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS (Unaudited)

(In Thousands)	Three Months Ended December 31 2001	2000
Operating activities:		
Net income (loss)	$ (550)	$ 148
Depreciation and other noncurrent items	197	196
Accounts receivable	350	20
Income tax refunds receivable	(359)	--
Accrued compensation and payroll taxes	(648)	(1,077)
Other current items, net	(74)	(91)
Net cash used by operating activities	(1,084)	(804)
Investing activities:		
Acquisition of property and equipment	--	(336)
Maturities of short-term investments	--	2,000
Net cash provided by investing activities	--	1,664
Financing activities:		
Exercise of stock options	35	--
Increase (decrease) in cash and cash equivalents	(1,049)	860
Cash and cash equivalents at beginning of period	7,293	7,236
Cash and cash equivalents at end of period	$ 6,244	$ 8,096

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

Interim Financial Statements

The accompanying unaudited consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. This financial information should be read in conjunction with the financial statements included in the Company's annual report on Form 10-K for the year ended September 30, 2001.

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 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 2001:

(In Thousands, Except per Share)	Three Months Ended December 31, 2000
Net revenues	$9,852
Net income	192
Net income per share	.04

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 2001 or of future results of operations.

Item 2. 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 December 31, 2001, the Company operated 35 offices located in major metropolitan business centers in 12 states.

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

	Three Months Ended December 31	
	2001	2000
Net revenues:		
Placement services	34.2%	62.4%
Contract services	65.8	37.6
Net revenues	100.0	100.0
Operating expenses:		
Cost of contract services	43.5	24.1
Selling	23.7	38.8
General and administrative	49.6	36.4
Total operating expenses	116.8	99.3
Income (loss) from operations	(16.8)%	0.7%

First Quarter Results of Operations

Net Revenues

For the three months ended December 31, 2001, consolidated net revenues were down $3,403,000 (38%) from the same period last year. This was due to the combination of a $3,682,000 (66%) decrease in placement service revenues and a $279,000 (8%) increase in contract service revenues. As a result, the Company's revenue mix changed significantly, as the ratio of consolidated revenues was 34% placement to 66% contract this year, compared with a ratio of 62% placement to 38% contract last year.

Placement service revenues were down for the quarter because of a 63% decline in the number of placements, together with an 8% decrease in the average placement fee. The increase in contract service revenues was the result of a 14% increase in the average hourly billing rate, while billable hours declined 3%.

The Company attributes the decline in revenues to the effects of the slowdown in the U.S. economy that has caused customers to delay or reduce their hiring and contract staffing activities, particularly those customers operating in the computer and information technology field. Preliminary government numbers indicate that the U.S. Gross Domestic Product increased at an annual rate of 0.2% in the quarter ended December 31, 2001. This compares with a decline of 1.3% in the quarter ended September 30, 2001 and a growth rate of 1.9% in the December 2000 quarter. These statistics suggest that the economic slowdown might have bottomed in the latest quarter. However, the national unemployment rate was 5.8% in December 2001, well above the 4.0% rate in December 2000.

Management believes that the Company is well positioned to benefit when national hiring patterns improve. Typically when this happens, the demand for contract staffing services is expected to strengthen first, and the demand for full-time placement services is expected to recover three to six months later.

Operating Expenses

Total operating expenses for the quarter were down $2,416,000 (27%) compared with the same quarter last year.

The cost of contract services was up $250,000 (12%), as a result of the higher contract service revenues. The gross profit margin on contract services was 33.9% this quarter, compared with 35.8% the prior year.

Selling expenses decreased $2,154,000 (62%) this quarter, and they represented 23.7% of consolidated net revenues, which was down 15.1 points from the prior year. Commission expense was down 67% due to the lower placement service revenues and lower commissionable profits, while recruitment advertising expense was 59% lower than last year.

General and administrative expenses decreased $512,000 (16%) for the quarter, and they represented 49.6% of consolidated net revenues. This was up 13.2 points from the same quarter last year. Compensation in the operating divisions decreased 18% for the quarter, due to reductions in the size of the consulting staff, while all other general and administrative expenses were down 14%. To control operating costs, the Company closed seven unprofitable branch offices during fiscal 2001, including four that were closed at the end of the year, and closed two branch offices during the first quarter of fiscal 2002. As a result of these and other actions, the Company reduced its in-house staff by 31% from the year-ago level.

Other Items

The effect of lower revenues resulted in a loss from operations of $928,000 for the quarter, which was a decrease of $987,000 compared with income from operations of $59,000 for the same quarter last year.

Interest income was down $146,000 (75%) in the quarter, due to a combination of lower average funds available for investment and lower average interest rates.

The effective income tax rate was 38% this quarter, down slightly from the 42% rate the prior year.

After interest and taxes, the net loss for the quarter was $550,000, which was a decrease of $698,000, compared with net income of $148,000 the prior year.

Financial Condition

As of December 31, 2001, the Company had cash and short-term investments of $6,741,000. This was a decrease of $1,047,000 from September 30, 2001. Net working capital at December 31, 2001 was $9,128,000, which was a decrease of $316,000 compared with last September, and the current ratio was 6.0 to 1.

During the three months ended December 31, 2001, net cash used by operating activities was $1,084,000. This was primarily due to the $550,000 net loss and a $648,000 seasonal reduction of accrued compensation and payroll taxes. As part of the Company's cash conservation measures, there were no expenditures during the quarter for property and equipment, and no cash dividends were paid.

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 contained in the Company's annual report on Form 10-K for the year ended September 30, 2001.

As of December 31, 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 $12,562,000, which represented 87% 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.

PART II - OTHER INFORMATION

Item 6. Exhibits and Reports on Form 8-K.

Exhibits

The following exhibits are filed as part of this report:

No. Description of Exhibit

10.01 Form of employment agreement with executive officers.

10.02 Regional Vice President Bonus Plan effective for fiscal years beginning on or after October 1, 2001.

Reports on Form 8-K

The Company filed no reports on Form 8-K during the quarter.

SIGNATURES

Pursuant to the requirements 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: February 1, 2002 By: /s/ Kent M. Yauch
Kent M. Yauch
Vice President, Chief Financial Officer
and Treasurer
(Principal financial and accounting officer)

Exhibit 10.01

During December 2001, the Registrant entered into an Employment Agreement substantially in the form below with each of Gregory Chrisos, Nancy Frohnmaier, Marilyn White and Kent Yauch. The individual agreements are not being filed pursuant to Instruction 2 to Item 601 of Regulation S-K.

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made and entered into as of the ___ day of ______________, 2001 by and between General Employment Enterprises, Inc., an Illinois corporation (the "Company"), and _______________ ("Employee").

1. Term; Effect on Other Agreements. This Agreement sets forth the duties and obligations of the Employee to the Company and provides protection to the Employee in the event the Employee's employment with the Company is terminated following a Change in Control.

(i) Term. Employee and Company understand and agree that Employee's employment with the Company is "at will" and may be terminated by either party at any time. No provision of this Agreement shall give Employee any right to continue in the employ of the Company, create any inference as to the length of employment of Employee, affect the right of the Company to terminate Employee's employment, with or without Cause, or give the Employee any right to participate in any employee welfare or benefit plan or other program of the Company.

(ii) Compensation and Benefits. Employee's compensation shall be determined by the Company in its sole discretion from time to time. Employee may be entitled to participate in certain plans or programs available to executives including an executive bonus plan covering a category of employees of which Employee is a member.

(iii) Key Manager Plan. By entering into this agreement, Employee hereby agrees to waive any benefits to which the Employee may be entitled under the General Employment Enterprises, Inc. Key Manager Plan (the "Key Manager Plan"), and the Employee acknowledges and agrees that amounts paid under this Agreement shall be in lieu of and offset any benefits to which Employee may be entitled under the Key Manager Plan.

2. Confidential Information. The Employee acknowledges and agrees that solely by virtue of his employment with the Company, Employee has acquired and will continue to acquire special knowledge of the Company's unique business processes and relationships with its customers, and that, but for association with the Company, the Employee would not have had knowledge of such processes and relationships. The Employee agrees not to make use of any books, records, documents, papers, software (including but not limited to Company's Applicant Retrieval Software, customer lists and prospective customer lists) or other information or copies thereof which are obtained in the course of Employee's employment with the Company which are the confidential and proprietary information of the Company, and Employee agrees to return to Company all such information or material at termination of employment.

3. Noncompetition/Nonsolicitation. In consideration for the Company's commitment to pay severance compensation to the

Employee in accordance with the terms and conditions of Section 4 hereof, and for other good and valuable consideration, the Employee agrees that, during the time of his employment with the Company and for a period of two years after the termination of his employment for any reason (other than terminations by the Employee for Good Reason, which shall be subject to the terms of Section 5 below), he will not, directly or indirectly, except on behalf of the Company:

(i) contact, solicit or direct any person or entity to contact or solicit, any of the Company's customers or prospective customers for the purpose of providing any products and/or services provided by the Company to its customers during the term of Employee's employment;

(ii) solicit or accept if offered to him, with or without solicitation, on his own behalf or on behalf of any other person or entity, the services of any person who is an employee of the Company at the time of such solicitation or acceptance, nor solicit any of the Company's employees to terminate employment with the Company; or

(iii) become associated with any business, whether as an investor (excluding investments representing less than one percent (1%) of the common stock of a public company), lender, owner, stockholder, officer, director, employee, agent or in any other capacity, that is competitive in any manner with the business of the Company.

4. Severance Following Change in Control. Following a Change in Control, upon the termination of the Employee's employment by the Company other than for Cause, the Employee shall be entitled to: (a) the continuation of Employee's base salary for a period of one year following the termination of his employment, payable in substantially equal installments in accordance with the Company's payroll policy from time to time in effect, and the payment of any cash or stock bonus program in which the Employee is participating (pursuant to the terms and conditions of such cash or stock bonus programs) upon the date his employment is terminated, (b) payment for any accrued but unused vacation pay and (c) any benefits mandated under the Consolidated Omnibus Budget Reconciliation Act of 1985 (COBRA) or required under the terms of any death, insurance, or retirement plan, program, or agreement provided by the Company and to which the Company is a party or in which the Employee is a participant, including, but not limited to, any short-term or long-term disability plan or program, if applicable.

5. Termination for Good Reason Following Change in Control. In the event that Employee terminates his employment for Good Reason following a Change in Control, the Employee shall be entitled to the Severance payments described in Section 4 hereof.

6. Certain Definitions.

(a) Cause. For purposes of this Agreement, and as determined by the Company's Board of Directors (the "Board") in its good faith discretion, the Employee shall be deemed terminated for "Cause" if the Company terminates the Employee after the Employee:

(i) shall have been convicted of any felony or shall have committed any other crime involving moral turpitude, dishonesty, disloyalty, or fraud with respect to the Company or any of its subsidiaries or any of their customers or suppliers;

(ii) engages in repeated conduct causing the Company or any of its subsidiaries substantial public disgrace or disrepute or public harm, including, without limitation, chronic drug or alcohol abuse;

(iii) substantially and repeatedly fails to perform duties as reasonably directed by the Chief Executive Officer of the Company;

(iv) commits any act or omission constituting gross negligence or willful misconduct with respect to the Company or any of its subsidiaries; or

(v) breaches this Agreement in any other material way, which breach is not cured to the reasonable satisfaction of the Board within fifteen (15) days after written notice thereof to Employee.

A termination of Employee's employment for Cause shall be effected in accordance with the following procedures. The Company shall give the Employee written notice ("Notice of Termination for Cause") of its intention to terminate the Employee's employment for Cause, setting forth in reasonable detail the Employee's specific conduct that it considers to constitute Cause and the specific provision(s) of this Agreement on which it relies, and stating the date, time and place of the Board Meeting for Cause. The "Board Meeting for Cause" means a meeting of the Board of Directors of the Company (the "Board") at which the Employee's termination for Cause will be considered, that takes place not less than five (5) and not more than thirty (30) business days after the date the Employee receives the Notice of Termination for Cause. The Employee shall be given an opportunity, together with counsel, to be heard at the Board Meeting for Cause. Termination for Cause shall be effective when and if a resolution is duly adopted at the Board Meeting for Cause by a majority vote of the entire membership of the Board, stating that in the good faith opinion of the Board, the Employee has conducted himself as described in the Notice of Termination for Cause, and that such conduct constitutes Cause under this Agreement.

(b) Change in Control. For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred if (a)(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 (or those persons who are members of the Board of Directors by or upon the recommendation of persons who were members of the Board of Directors of the Company immediately prior to such transaction) prior to such approval do not represent a majority of the directors of the surviving, resulting or acquiring entity or the parent thereof; (b) the stockholders of the Company approve a plan of liquidation of the Company; or (c) 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, or (d) the Chairman of the Board of Directors of the Company and Chief Executive Officer as of the date of this Agreement ceases to hold such offices with the Company or any successor entity into which the Company is merged or consolidated.

(c) Customer. For purposes of this Agreement: (i) "customer" is defined as any person or entity that purchased any product and/or service from the Company within the twelve (12) month period immediately preceding termination of his employment and includes both (x) entities who have listed job orders with the Company and (y) applicants who have been identified by the

Company as potential candidates for placement; and (ii) "prospective customer" is defined as any person or entity contacted or solicited by the Company (whether directly or indirectly) or who contacted the Company (whether directly or indirectly) within the twelve (12) month period immediately preceding termination of Employee's employment for the purpose of having such persons or entities (whether employer or applicant) become a customer of the Company.

(d) Good Reason. For purposes of this Agreement, "Good Reason" means:

(i) the assignment to the Employee of any duties materially inconsistent in any respect with Employee's current duties, or any other action by the Company that results in a material diminution in the Employee's position, authority, duties or responsibilities, other than an isolated, insubstantial and inadvertent action that is not taken in bad faith and is remedied by the Company after receipt of notice thereof from the Employee;

(ii) a material reduction in Employee's base salary or other benefits, other than in connection with a reduction in the base salary or other benefits for all of the senior management employees of the Company in approximately the same percentage reduction; or

(iii) the requirement by the Company without the Employee's consent that the Employee's services be performed primarily at a location outside the Chicago metropolitan area.

7. Remedies. It is agreed that any material breach of any of the covenants contained in Paragraph 3 hereof will result in irreparable harm and continuing damages to the Company and its business and that the Company's remedy at law for any such breach will be inadequate and, accordingly, in addition to any and all other remedies that may be available to the Company, any court of competent jurisdiction may issue a decree of specific performance or issue a temporary and permanent injunction, without the necessity of the Company posting bond or furnishing other security and without proving special damages or irreparable injury, enjoining and restricting a material breach of any such covenant.

8. Governing Law. This Agreement will be governed and construed in accordance with the laws of the State of Illinois, including the internal conflicts of law. The parties agree and consent to submit to personal jurisdiction in the State of Illinois in any state or federal court of competent subject matter jurisdiction situated in Cook County, Illinois.

9. Modifications. This Agreement shall supersede all previous agreements, if any, between the Employee and the Company governing Employee's terms and conditions of employment and may not be modified except by written agreement between Employee and the Chief Executive Officer of the Company. If any provision of this Agreement is deemed by court of law to be invalid or unenforceable, in whole or in part, such determination shall not affect or impair the validity or enforceability of any other provision of this agreement.

In witness whereof, the parties have executed this Agreement on the day and year first above written.

General Employment Enterprises, Inc.

By:

Employee Name:

Title:

Exhibit 10.02

GENERAL EMPLOYMENT ENTERPRISES, INC.
REGIONAL VICE PRESIDENT BONUS PLAN
EFFECTIVE FOR FISCAL YEARS BEGINNING ON OR AFTER OCTOBER 1, 2001

The regional Vice President shall receive annually a bonus amount equal to a percentage of his or her 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 5% multiplied by the ratio of eligible 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 eligible pre-bonus income per $1,000,000 or fraction thereof.

For purposes of these calculations, the eligible pre-bonus income means the fiscal year income of the VP's region, before deduction of income taxes and before deduction of the VP bonus itself, that is in excess of $1,000,000. Improvement means the amount of increase in eligible 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 VP annually, within 30 days following the completion of the audit of its consolidated financial statements by its independent auditors.