

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-KSB

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

For the fiscal year ended September 30, 2007

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

Commission File Number 1-05707

GENERAL EMPLOYMENT ENTERPRISES, INC.
(Name of small business issuer in its charter)

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

One Tower Lane, Suite 2200, Oakbrook Terrace, IL 60181
(Address of principal executive offices) (Zip Code)

Issuer's telephone number: (630) 954-0400

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

Title of each class	Name 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

Check whether the issuer is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act.

Check whether the issuer (1) filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the past 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

Check if there is no disclosure of delinquent filers in response to Item 405 of Regulation S-B contained in this form, and no disclosure will 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-KSB or any amendment to this Form 10-KSB.

Indicate by checkmark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

The issuer's revenues for the most recent fiscal year were \$19,690,000.

The aggregate market value of the common stock held by non-affiliates computed by reference to the price at which the common stock was sold as of October 31, 2007 was \$8,279,000.

The number of shares outstanding of the issuer's common stock as of October 31, 2007 was 5,153,265.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the General Employment Enterprises, Inc. Proxy Statement for the annual meeting of shareholders to be held on February 25, 2008 are incorporated by reference into Part III of this Form 10-KSB.

Transitional small business disclosure format: Yes No

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PART I

Item 1, Description of 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 2200, 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 percentage of revenues derived from these services is as follows:

	Year Ended September 30	
	2007	2006
Contract services	43%	51%
Placement services	57%	49%

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, 2007 it operated 19 branch offices located in downtown or suburban areas of major U.S. cities in 9 states. The offices were concentrated in Illinois (4) and California (3), with two offices each in Arizona, Indiana, Massachusetts, Ohio and Texas, and one office each in Florida and North Carolina.

The Company markets its services to prospective clients primarily through telephone marketing by its recruiting and sales 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 accounted for more than 5% of its revenues during either of the last two fiscal years.

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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, it competes 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 part of its service, the Company provides reference checking, scrutiny of candidates' work experience and optional background checks. In general, pricing is considered to be secondary to quality of service as a competitive factor. During slow hiring periods, however, competition can put pressure on the Company's pricing.

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

Recruiting

The success of the Company is highly dependent on its ability to obtain qualified candidates. Prospective employment candidates are generally

recruited through telephone contact by the Company's employment consultants or through postings on the Internet. For Internet postings, the Company maintains its own web page at www.generalemployment.com and uses other Internet job posting bulletin board services. The Company maintains database records of applicants' skills to assist in matching them with job openings. The Company screens and interviews applicants who are presented to its clients.

Employees

As of September 30, 2007, the Company had approximately 150 regular employees and 130 contract service employees.

Item 2, Description of Property.

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 8,200 square feet of space at that location, under a lease that will expire in 2015. The lease may be cancelled by the Company in 2012 under certain conditions.

The Company's staffing offices are located in downtown and suburban business centers in 9 states. Established offices are operated from leased space ranging from 800 to 2,200 square feet, generally for periods of three to five years, with cancellation clauses after certain periods of occupancy in some cases. 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.

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Item 3, Legal Proceedings.

From time to time, the Company is subject to various legal proceedings and claims arising in the ordinary course of business. As of September 30, 2007, there were no material legal proceedings pending against the Company.

Item 4, Submission of Matters to a Vote of Security Holders.

Not applicable.

PART II

Item 5, Market for Common Equity, Related Stockholder Matters and Small Business Issuer Purchases of Equity Securities.

The Company's common stock is listed on the American Stock Exchange and is traded under the symbol JOB. The following table sets forth the quarterly high and low sales prices per share of the Company's common stock on the consolidated market for each quarter within the last two fiscal years, as reported by the American Stock Exchange.

	Fourth Quarter	Third Quarter	Second Quarter	First Quarter
Fiscal 2007				
High	\$ 2.00	\$ 3.47	\$ 2.50	\$ 1.90
Low	1.52	1.92	1.67	1.62
Fiscal 2006:				
High	\$ 2.05	\$ 1.72	\$ 2.10	\$ 2.75
Low	1.43	1.41	1.46	1.86

There were 717 holders of record on October 31, 2007.

On November 20, 2006, the Company declared a \$.10 per share cash dividend on

its common stock, payable on January 9, 2007 to shareholders of record as of December 15, 2006.

Information concerning securities authorized for issuance under equity compensation plans is presented in Item 11 of this annual report.

During the three years ended September 30, 2007, no securities were sold by the Company without registering the securities under the Securities Act of 1933.

During the three months ended September 30, 2007, no equity securities of the Company were purchased by the Company.

Item 6, Management's Discussion and Analysis or Plan of Operation.

Overview

The Company provides contract and placement staffing services for business and industry, specializing in the placement of information technology, engineering and accounting professionals. As of September 30, 2007 the Company operated 19 offices located in 9 states.

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The Company's business is highly dependent on national employment trends in general and on the demand for professional staff in particular. As an indicator of employment conditions, the national unemployment rate was 4.7% in September 2007 and 4.6% in September 2006. These statistics indicate a relatively full level of employment in the United States during the last twelve months.

During the 2007 fiscal year, the Company experienced stronger demand for its placement services, compared with the prior year. Because of the stronger demand, and because placement services have a higher profit margin than contract services, the Company focused more of its marketing efforts on the placement business during the year. As a result, the Company achieved increases in both the number of placements and the average placement fee, while the number of billable contract hours declined.

During the same period, the Company experienced greater challenges in finding well-qualified candidates for both placement and contract assignments than it had during the prior year. This factor constrained revenue growth in both divisions.

Consolidated net revenues for the year ended September 30, 2007 decreased 2% compared with the prior year. As a result of the changed demand, placement service revenues were up 15%, while contract service revenues were down 18%. The effects of lower consolidated net revenues, together with an 8% increase in general and administrative expenses, resulted in a 22% decline in income from operations.

Because long-term contracts are not a significant part of the Company's business, future results cannot be reliably predicted by considering past trends or by extrapolating past results. While it is difficult to accurately predict future hiring patterns or the demand for staffing services, management believes that existing branch offices have the capacity to accommodate additional consulting staff and a higher volume of business.

Results of Operations

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

Year Ended September 30
2007 2006

Net revenues:

Contract services	42.9%	51.1%
Placement services	57.1	48.9

Net revenues	100.0	100.0
Operating expenses:		
Cost of contract services	28.7	36.2
Selling	35.8	30.4
General and administrative	32.4	29.5
Total operating expenses	96.9	96.1
Income from operations	3.1%	3.9%

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Net Revenues

Consolidated net revenues for the year ended September 30, 2007 were down \$378,000 (2%) from the prior year. Placement service revenues increased \$1,427,000 (15%), while contract service revenues decreased \$1,805,000 (18%).

During fiscal 2007, the Company experienced stronger demand for its placement services. As a result, the number of placements grew by 4%, and the average placement fee was up 9% over the same period last year.

Because of a shift in the Company's marketing focus toward the placement business, the contract service business declined. The decrease in contract service revenues reflects a 21% decrease in the number of billable hours, which was partially offset by a 2% increase in the average hourly billing rate.

Operating Expenses

Total operating expenses for the year ended September 30, 2007 were down \$202,000 (1%) compared with the prior year.

The cost of contract services was down \$1,615,000 (22%) as a result of the lower volume of contract business. However, margins improved. The gross profit margin on contract business was 33.2% for the year ended September 30, 2007, which was 4.0 points higher than 29.2% for the prior year. There are no direct costs associated with placement service revenues.

Selling expenses increased \$953,000 (16%) for the period. Commission expense was up 14% because of the change in revenue mix and because the Company's commission costs are higher on placement business than on contract business. Recruitment advertising expense was up 27% because of a higher number of Internet job postings needed to attract qualified candidates. Selling expenses represented 35.8% of consolidated net revenues, which was up 5.4 points from the prior year.

General and administrative expenses increased \$460,000 (8%) for the year ended September 30, 2007. Compensation in the operating divisions was up 6% due to hiring additional employment consultants. Administrative compensation was up 10% because of inflationary increases in pay rates and an increase in stock-based compensation expense. Depreciation and amortization expense increased 44% as a result of capital expenditures during the last two years. All other general and administrative expenses together increased 5%. As a result, general and administrative expenses represented 32.4% of consolidated revenues, which was up 2.9 points from the prior year.

Other

Investment income for the year ended September 30, 2007 was up \$88,000 (41%), due to a combination of higher balances available for investment and a higher average rate of return.

There was no provision for income taxes in either year, because of the availability of operating losses carried forward from prior years.

Financial Condition

As of September 30, 2007, the Company had cash and cash equivalents of \$6,344,000, which was an increase of \$440,000 from September 30, 2006. Net working capital at September 30, 2007 was \$6,395,000, which was a decrease of \$344,000 from September 30, 2006, and the current ratio was 4.0 to 1. Shareholders' equity as of September 30, 2007 was \$7,324,000, which

represented 74% of total assets.

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During the fiscal year ended September 30, 2007, the net cash provided by operating activities was \$1,314,000. Net income for the period, together with depreciation and other non-cash charges, provided \$1,218,000, while working capital items provided an additional \$96,000.

Expenditures for the acquisition of property and equipment were \$364,000 for the year ended September 30, 2007. The major expenditures were for computer equipment and software, as the Company completed a two-year program to upgrade its computer systems.

In November 2006, the Company's board of directors declared a cash dividend in the amount of \$.10 per common share, which resulted in a total payment of \$515,000 in January 2007.

In November 2007, the Company's board of directors declared a cash dividend in the amount of \$.10 per common share, which is expected to result in a total payment of \$515,000 in January 2008.

All of the Company's office facilities are leased. As of September 30, 2007, future minimum lease payments under noncancelable lease agreements having initial terms in excess of one year totaled \$2,510,000. At that date, the Company also had contractual obligations to purchase approximately \$160,000 of recruitment advertising through December 2007.

The Company has an employment agreement with the chief executive officer that provides for severance benefits if the officer's employment terminates for any reason other than "cause." The Company also has arrangements covering other officers and key employees that would become effective if their employment terminated under certain conditions following a change in control of the Company. As of September 30, 2007, the potential aggregate obligation under these arrangements, if all such officers and employees were terminated, was approximately \$3,400,000.

As of September 30, 2007, there were approximately \$2,000,000 of losses available to reduce federal taxable income in future years through 2024, and there were approximately \$4,800,000 of losses available to reduce state taxable income in future years, expiring from 2008 through 2024. Future realization of the tax benefits of net operating loss carryforwards ultimately depends on the existence of sufficient taxable income within the carryforward period. Based on the weight of available evidence, the Company determined that it is more likely than not that all of the deferred tax assets will not be realized. Accordingly, the Company maintained a full valuation allowance as of September 30, 2007. See "Income Taxes" in the Notes to Consolidated Financial Statements for additional information.

The Company's primary source of liquidity is from its operating activities. The Company's philosophy regarding the maintenance of cash balances reflects management's views on potential future needs for liquidity. Management believes that funds generated by operations, together with existing cash balances, will be adequate to finance current operations and capital expenditures for the foreseeable future.

Off-Balance Sheet Arrangements

As of September 30, 2007, and during the year then ended, there were no transactions, agreements or other contractual arrangements to which an unconsolidated entity was a party, under which the Company (a) had any direct

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or contingent obligation under a guarantee contract, derivative instrument or variable interest in the unconsolidated entity, or (b) had a retained or contingent interest in assets transferred to the unconsolidated entity.

Critical Accounting Policies

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and the rules of the United States Securities and Exchange Commission.

Management makes estimates and assumptions that can affect the amounts of assets and liabilities reported as of the date of the financial statements, as well as the amounts of reported revenues and expenses during the periods presented. Those estimates and assumptions typically involve expectations about events to occur subsequent to the balance sheet date, and it is possible that actual results could ultimately differ from the estimates. If differences were to occur in a subsequent period, the Company would recognize those differences when they became known. Significant matters requiring the use of estimates and assumptions include deferred income tax valuation allowances and accounts receivable allowances. Management believes that its estimates and assumptions are reasonable, based on information that is available at the time they are made.

The following accounting policies are considered by management to be "critical" because of the judgments and uncertainties involved, and because different amounts would be reported under different conditions or using different assumptions.

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. A valuation allowance is recorded to reduce deferred tax assets to the amount that is more likely than not to be realized as a tax benefit in the future. If the Company were to change its determination about the future realization of tax benefits, the valuation allowance would be adjusted as a provision or credit to income taxes in the period in which the determination is made. Judgment is required in assessing the likelihood that tax assets will be realized. These judgments are based on estimates about future taxable income, which is inherently uncertain.

Accounts Receivable Allowances

An allowance for placement falloffs is recorded, as a reduction of revenues, for estimated losses due to applicants not remaining employed for the Company's guarantee period. An allowance for doubtful accounts is recorded, as a charge to bad debt expense, where collection is considered to be doubtful due to credit issues. These allowances reflect management's estimate of potential losses inherent in the accounts receivable balances, based on historical loss statistics.

Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (the "FASB") issued Financial Interpretation No. 48, "Accounting for Uncertainty in Income Taxes". Interpretation 48 specifies how tax benefits for uncertain tax positions are to be recognized, measured and derecognized in financial statements, and it

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requires certain disclosures of uncertain tax positions among other provisions. Interpretation 48 is effective for fiscal years beginning after December 15, 2006 and as a result, is effective for the Company in the first quarter of fiscal 2008. The Company does not expect the adoption to have a material effect on its financial statements.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "Fair Value Measurements". Statement 157 defines fair value, establishes a framework and gives guidance regarding the methods used for measuring fair value, and it expands disclosures about fair value measurements. Statement 157 is effective for fiscal years beginning after November 15, 2007. The Company has not determined what impact Statement 157 may have on its results of operations and financial position.

In February 2007, the FASB issued Statement of Financial Accounting Standards No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities". Under Statement 159, a company may choose, at specified

election dates, to measure eligible items at fair value and report unrealized gains and losses on items for which the fair value option has been elected in earnings at each subsequent reporting date. Statement 159 is effective for fiscal years beginning after November 15, 2007. The Company has not determined what impact Statement 159 may have on its results of operations and financial position.

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. 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 assignments, the possibility of incurring liability for the Company's business activities, including the activities of its contract employees and events affecting its contract employees on client premises, and the ability to attract and retain qualified corporate and branch management.

Item 7, Financial Statements.

GENERAL EMPLOYMENT ENTERPRISES, INC. CONSOLIDATED BALANCE SHEET

(In Thousands)	As of September 30	
	2007	2006
ASSETS		
Current assets:		
Cash and cash equivalents	\$6,344	\$5,904
Accounts receivable, less allowances (2007 -- \$248; 2006 -- \$280)	1,915	1,978
Other current assets	252	296
Total current assets	8,511	8,178
Property and equipment, net	929	801
Other assets	436	296
Total assets	\$9,876	\$9,275
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accrued compensation	\$1,602	\$1,495
Other current liabilities	514	632
Total current liabilities	2,116	2,127
Other liabilities	436	296
Shareholders' equity:		
Preferred stock; authorized -- 100 shares; issued and outstanding -- none	--	--
Common stock, no-par value; authorized -- 20,000 shares; issued and outstanding - 5,153 shares in 2007 and 5,148 shares in 2006	4,912	4,839

Retained earnings	2,412	2,013
Total shareholders' equity	7,324	6,852
Total liabilities and shareholders' equity	\$9,876	\$9,275

See notes to consolidated financial statements.

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GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENT OF INCOME

Year Ended September 30

(In Thousands, Except Per Share) 2007 2006

Net revenues:		
Contract services	\$ 8,448	\$10,253
Placement services	11,242	9,815
Net revenues	19,690	20,068
Operating expenses:		
Cost of contract services	5,641	7,256
Selling	7,051	6,098
General and administrative	6,385	5,925
Total operating expenses	19,077	19,279
Income from operations	613	789
Investment income	301	213
Net income	\$ 914	\$ 1,002
Average number of shares:		
Basic	5,150	5,148
Diluted	5,368	5,338
Net income per share:		
Basic	\$.18	\$.19
Diluted	\$.17	\$.19
Cash dividends declared per share	\$.10	\$ --

See notes to consolidated financial statements.

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GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended September 30

(In Thousands) 2007 2006

Operating activities:		
Net income	\$ 914	\$1,002
Depreciation and amortization	231	160
Other noncurrent items	73	5
Accounts receivable	63	50
Accrued compensation	107	(147)
Other current items, net	(74)	(68)
Net cash provided by operating activities	1,314	1,002
Investing activities:		
Acquisition of property and equipment	(364)	(334)
Financing activities:		
Exercises of stock options	5	--
Cash dividends paid	(515)	--
Net cash used by financing activities	(510)	--

Increase in cash and cash equivalents	440	668
Cash and cash equivalents at beginning of year	5,904	5,236
Cash and cash equivalents at end of year	\$6,344	\$ 5,904

See notes to consolidated financial statements.

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

(In Thousands)	Year Ended September 30	
	2007	2006
Common shares outstanding:		
Number at beginning of year	5,148	5,148
Exercises of stock options	5	--
Number at end of year	5,153	5,148
Common stock:		
Balance at beginning of year	\$4,839	\$4,839
Stock option expense	68	--
Exercises of stock options	5	--
Balance at end of year	\$4,912	\$4,839
Retained earnings:		
Balance at beginning of year	\$2,013	\$1,011
Net income	914	1,002
Cash dividends declared	(515)	--
Balance at end of year	\$2,412	\$2,013

See notes to consolidated financial statements.

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GENERAL EMPLOYMENT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company

General Employment Enterprises, Inc. (the "Company") operates 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 accounted for more than 5% of its revenues during either of the last two fiscal years.

Significant Accounting Policies and Estimates

The consolidated financial statements are prepared in conformity with accounting principles generally accepted in the United States of America and the rules of the United States Securities and Exchange Commission. The more significant accounting policies that are followed by the Company are summarized below.

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

Management makes estimates and assumptions that can affect the amounts of assets and liabilities reported as of the date of the financial statements, as well as the amounts of reported revenues and expenses during the periods

presented. Those estimates and assumptions typically involve expectations about events to occur subsequent to the balance sheet date, and it is possible that actual results could ultimately differ from the estimates. If differences were to occur in a subsequent period, the Company would recognize those differences when they became known. Significant matters requiring the use of estimates and assumptions include deferred income tax valuation allowances, accounts receivable allowances, and valuations of property and equipment. Management believes that its estimates and assumptions are reasonable, based on information that is available at the time they are made.

Revenue Recognition

Placement service revenues are recognized when applicants accept offers of employment, less a provision for estimated losses due to applicants not remaining employed for the Company's guarantee period. Contract service revenues are recognized when services are rendered.

Cost of Contract Services

The cost of contract services includes the wages and the related payroll taxes and benefits of the Company's employees while they work on contract assignments.

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

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effect when the differences reverse. A valuation allowance is recorded to reduce deferred tax assets to the amount that is more likely than not to be realized as a tax benefit in the future.

Income Per Share

Basic income per share is based on the average number of common shares outstanding. Diluted income per share is based on the average number of common shares and the dilutive effect of stock options. Diluted income per share does not include the effect of 155,000 stock options in fiscal 2007 and 50,000 stock options in fiscal 2006, because the exercise price of those options was greater than the average market value of the common stock during the year, and including them would have had an anti-dilutive effect on income per share.

Cash Equivalents

Highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents.

Accounts Receivable Allowances

An allowance for placement falloffs is recorded, as a reduction of revenues, for estimated losses due to applicants not remaining employed for the Company's guarantee period. An allowance for doubtful accounts is recorded, as a charge to bad debt expense, where collection is considered to be doubtful due to credit issues. These allowances together reflect management's estimate of the potential losses inherent in the accounts receivable balances, based on historical loss statistics.

Property and Equipment

Property and equipment are recorded at cost. Depreciation expense is calculated on a straight-line basis over estimated useful lives of five years for computer equipment and two to ten years for office equipment, furniture and fixtures. The Company capitalizes computer software purchased or developed for internal use, and amortizes it over an estimated useful life of five years. The carrying value of property and equipment is reviewed for impairment whenever events or changes in circumstances indicate that it may not be recoverable. If the carrying amount of an asset group is greater than its estimated future undiscounted cash flows, the carrying value is written down to the estimated fair value.

Deferred Compensation Plan

The Company has a rabbi trust agreement to protect the assets of its nonqualified deferred compensation plan. The accounts of the rabbi trust are included in the consolidated financial statements. Investments held by the trust are included in other assets, and an offsetting obligation is included

in other liabilities. The investments are considered to be trading securities and are reported at fair value, with the realized and unrealized holding gains and losses being recorded in investment income, and an offsetting amount is recorded in general and administrative expenses. Amounts on the consolidated balance sheet as of September 30, 2006 have been reclassified to conform with the 2007 presentation.

Stock-Based Compensation

Compensation expense is recorded for the fair value of stock options issued to employees. The expense is measured as the estimated fair value of the stock options on the date of grant and is amortized over the vesting periods.

Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board (the "FASB") issued Financial Interpretation No. 48, "Accounting for Uncertainty in Income Taxes". Interpretation 48 specifies how tax benefits for uncertain tax positions are to be recognized, measured and derecognized in financial statements, and it requires certain disclosures of uncertain tax positions among other provisions. Interpretation 48 is effective for fiscal years beginning after December 15, 2006 and as a result, is effective for the Company in the first quarter of fiscal 2008. The Company does not expect the adoption to have a material effect on its financial statements.

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Income Taxes

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

(In Thousands)	2007	2006
Current tax provision	\$ --	\$ --
Deferred tax provision (credit) related to:		
Temporary differences	(55)	17
Loss carryforwards	457	378
Valuation allowances	(402)	(395)
Provision for income taxes	\$ --	\$ --

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

(In Thousands)	2007	2006
Income tax provision at statutory federal tax rate	\$ 311	\$ 341
Federal valuation allowance	(317)	(333)
Other	6	(8)
Provision for income taxes	\$ --	\$ --

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

(In Thousands)	2007	2006
Temporary differences	\$ 304	\$ 249
Net operating loss carryforwards	892	1,349
Valuation allowances	(1,196)	(1,598)
Net deferred income tax asset	\$ --	\$ --

As of September 30, 2007, there were approximately \$2,000,000 of losses available to reduce federal taxable income in future years through 2024, and there were approximately \$4,800,000 of losses available to reduce state taxable income in future years, expiring from 2008 through 2024.

Future realization of the tax benefits of existing temporary differences and net operating loss carryforwards ultimately depends on the existence of sufficient taxable income within the carryforward period.

As of September 30, 2007, the Company performed an evaluation to determine whether a valuation allowance was needed, in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." The Company considered all available evidence, both positive and negative, which included the results of operations for the current and preceding years. The Company had cumulative pretax losses for the four fiscal years from 2001 through 2004 of \$11,133,000, and the Company had cumulative pretax income for the three fiscal years from 2005 through 2007 of \$2,587,000.

The Company also considered whether there was any currently available information about future years. Because long-term contracts are not a significant part of the Company's business, future results cannot be reliably predicted by considering past trends or by extrapolating past results. Moreover, the Company's earnings are strongly influenced by national economic conditions and have been volatile in the past. Considering these factors, the Company determined that it was not possible to reasonably quantify future taxable income.

Based on the weight of available evidence, as required by Statement 109, the Company determined that it is more likely than not that all of the deferred tax assets will not be realized. Accordingly, the Company maintained a full valuation allowance as of September 30, 2007.

Property and Equipment

Property and equipment consisted of the following as of September 30:

(In Thousands)	2007	2006
Computer equipment and software	\$ 2,294	\$ 2,427
Office equipment, furniture and fixtures	1,543	1,596
Total property and equipment, at cost	3,837	4,023
Accumulated depreciation and amortization	(2,908)	(3,222)
Property and equipment, net	\$ 929	\$ 801

During fiscal 2007, the Company disposed of fully-depreciated property and equipment, primarily computer equipment, having an original cost of \$550,000.

Other Current Liabilities

Other current liabilities consisted of the following as of September 30:

(In Thousands)	2007	2006
Accounts payable	\$ 93	\$151
Accrued expenses	219	252
Deferred rent	202	229
Total other current liabilities	\$514	\$632

Lease Obligations

The Company leases space for all of its branch offices, which are located either in downtown or suburban business centers, and space for its corporate headquarters. Branch offices are generally leased over periods from three to five years. The corporate office lease expires in 2015, and it may be cancelled by the Company in 2012 under certain conditions. The leases generally provide for payment of basic rent plus a share of building real estate taxes, maintenance costs and utilities.

Rent expense was \$992,000 in fiscal 2007 and \$985,000 in fiscal 2006. As of September 30, 2007, future minimum lease payments under noncancelable lease agreements having initial terms in excess of one year totaled \$2,510,000, as follows: fiscal 2008 - \$916,000, fiscal 2009 - \$655,000, fiscal 2010 - \$497,000, fiscal 2011 - \$343,000; and fiscal 2012 - \$99,000.

Commitments

As of September 30, 2007, the Company had contractual obligations to purchase approximately \$160,000 of recruitment advertising through December 2007.

Retirement Plans

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.

The Company has a nonqualified deferred compensation plan for certain officers. Under the plan, the Company contributes a percentage of each participant's earnings to a rabbi trust under a defined contribution arrangement. The participants direct the investments of the trust, and the Company does not guarantee investment performance. Participant account balances are payable upon retirement or termination from the Company, subject to certain vesting requirements.

The cost of retirement plans was \$221,000 in fiscal 2007 and \$170,000 in fiscal 2006. Investment income from the deferred compensation plan was \$59,000 in fiscal 2007 and \$22,000 in fiscal 2006.

Stock Option Plans

As of September 30, 2007, there were stock options outstanding under the Company's 1995 Stock Option Plan, Amended and Restated 1997 Stock Option Plan and 1999 Stock Option Plan. All three plans were approved by the shareholders. The 1995 Stock Option Plan expired during fiscal 2006, and no further options may be granted under that plan. The plans granted specified numbers of options to non-employee directors, and they authorized the Compensation Committee of the Board of Directors to grant either incentive or non-statutory stock options to employees. All stock options outstanding as of September 30, 2007 were non-statutory stock options, had exercise prices equal to the market price on the date of grant, and had expiration dates ten years after the date of grant.

A summary of stock option activity is as follows:

(Number of Options in Thousands)	2007	2006
----------------------------------	------	------

Number of options outstanding:		
Beginning of year	515	435
Granted	105	80
Exercised	(5)	--
End of year	615	515

Number of options exercisable		
at end of year	470	435
Number of options available for grant		
at end of year	98	203

Weighted average option prices per share:		
Granted during the year	\$2.17	\$1.63
Exercised during the year	.86	--
Outstanding at end of year	1.33	1.16
Exercisable at end of year	1.12	1.07

The average fair value of stock options granted was estimated to be \$0.95 per share in fiscal 2007 and \$0.75 per share in fiscal 2006. These estimates were made using the Black-Scholes option pricing model and the following weighted average assumptions:

	2007	2006
Expected option life (years)	4.0	4.0
Expected stock price volatility	52.0%	54.0%
Expected dividend yield	0.4%	0.0%
Risk-free interest rate	4.4%	4.5%

Stock-based compensation expense was \$68,000 in fiscal 2007. There was no stock-based compensation expense in fiscal 2006 because the options were granted at the end of the year. As of September 30, 2007, there was \$91,000 of unrecognized compensation expense related to unvested stock options outstanding, and the weighted average vesting period for those options was 1.4 years.

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Stock options outstanding as of September 30, 2007 were as follows (number of shares in thousands):

Range of Exercise Prices	Weighted Number Outstanding	Weighted Average Price	Weighted Number Exercisable	Average Price	Remaining Life (Years)
At \$.86	348	\$.86	348	\$.86	4.9
\$1.25 to \$2.45	267	1.95	122	1.88	7.7

As of September 30, 2007, the aggregate intrinsic value of outstanding stock options and exercisable stock options was \$272,000.

Severance Arrangements

The Company has an employment agreement with the chief executive officer that provides for severance benefits if the officer's employment terminates for any reason other than "cause." The Company also has arrangements covering other officers and key employees that would become effective if their employment terminated under certain conditions following a change in control of the Company. As of September 30, 2007, the potential aggregate obligation under these arrangements, if all such officers and employees were terminated, was approximately \$3,400,000.

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.

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 will expire on February 22, 2010.

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of General Employment Enterprises, Inc. and subsidiary as of September 30, 2007 and 2006 and the related consolidated statements of income, shareholders' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, 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, 2007 and 2006, and the consolidated results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ BDO Seidman, LLP

Chicago, Illinois
November 16, 2007

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Item 8, Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

Item 8A, Controls and Procedures.

As of September 30, 2007, the Company's management evaluated, with the participation of its principal executive officer and its principal financial officer, the effectiveness of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange Act of 1934 (the "Exchange Act"). Based on that evaluation, the Company's principal executive officer and its principal financial officer concluded that the Company's disclosure controls and procedures were adequate as of September 30, 2007 to ensure that information required to be disclosed in reports filed or submitted by the Company under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms.

There was no change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 8B, Other Information.

On November 19, 2007, the Company's Board of Directors approved amendments to the Company's By-Laws. The amendments were adopted to improve corporate governance and to conform with certain regulations. The more substantive changes were to eliminate provisions that permitted a meeting of all shareholders; to establish procedures for bringing business to a special meeting of shareholders; to change the period of time required for shareholders to nominate directors or to give notice of business to be brought to an annual meeting; to establish a range for the number of authorized directors; to eliminate the executive committee of the board of directors; to authorize the board of directors to establish committees; to establish the position of Chairman of the Board as a separate office from the Chief Executive Officer; to establish the position of Chief Financial Officer as a separate office from the Treasurer; to define the general powers of officers; to clarify that compensation of the officers is to be approved by the board of directors; and to permit the board of directors to provide for uncertificated shares. The By-Laws, as amended, are filed as an exhibit to this annual report.

On November 19, 2007, the Company's Board of Directors approved the form of an indemnity agreement to be executed individually with its directors and officers, which would require the Company to indemnify its directors and officers against the risk of claims arising out of their service on behalf of the Company. The purpose of the agreement is to help attract and retain qualified individuals to serve as directors and officers of the Company.

PART III

Item 9, Directors, Executive Officers, Promoters, Control Persons and Corporate Governance; Compliance with Section 16(a) of the Exchange Act.

Information set forth in the Company's Proxy Statement for the 2008 annual meeting of shareholders under the headings "Directors and Nominees," "Executive Officers," "Compliance with Section 16(a) of the Exchange Act," and "Audit Committee" is incorporated herein by reference.

The Company has a code of ethics that applies to all of its directors and employees, including its principal executive officer, principal financial officer and principal accounting officer. The code of ethics is filed as an exhibit to this annual report.

Item 10, Executive Compensation.

Information set forth in the Company's Proxy Statement for the 2008 annual meeting of shareholders under the principal heading "EXECUTIVE COMPENSATION" is incorporated herein by reference.

Item 11, Security Ownership of Certain Beneficial Owners and Management.

Information set forth in the Company's Proxy Statement for the 2008 annual meeting of shareholders under the principal heading "SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT" is incorporated herein by reference.

Securities authorized for issuance under equity compensation plans were as follows as of September 30, 2007 (number of shares in thousands):

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in first column)
Equity compensation plans approved by security holders	615	\$1.33	98
Equity compensation plans not approved by security holders	--	--	--
Total	615	\$1.33	98

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Item 12, Certain Relationships and Related Transactions, and Director Independence.

Information set forth in the Company's Proxy Statement for the 2008 annual meeting of shareholders under the heading "Director Independence" is incorporated herein by reference.

Item 13, Exhibits.

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

No. Description of Exhibit

3.01 Articles of Incorporation and amendments thereto. Incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-QSB for the quarter ended March 31, 1996, Commission File No. 1-05707.

3.02 By-Laws of General Employment Enterprises, Inc., as amended November 19, 2007.

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 Company's Registration Statement on Form 8-A filed with the Securities and Exchange Commission on February 7, 2000, Commission File No. 1-05707.

10.01* Key Manager Plan, adopted May 22, 1990. Incorporated by reference to Exhibit 10(h) to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1990, Commission File No. 1-05707.

10.02 Agreement with Sheldon Brottman dated October 3, 1991. Incorporated by reference to Exhibit 10(l) to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 1991, Commission File No.1-05707.

10.03* General Employment Enterprises, Inc. 1995 Stock Option Plan. Incorporated by reference to Exhibit 4.1 to the Company's Form S-8

- 10.04* Amended and Restated General Employment Enterprises, Inc. 1997 Stock Option Plan. Incorporated by reference to Exhibit 10.01 to the Company's quarterly report on Form 10-QSB for the quarterly period ended March 31, 2007, Commission File No. 1-05707.
- 10.05* General Employment Enterprises, Inc. 1999 Stock Option Plan. Incorporated by reference to Exhibit 10 of the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 1999, Commission File No. 1-05707.
- 10.06* Employment Agreement with Herbert F. Imhoff, Jr. effective as of August 1, 2001. Incorporated by reference to Exhibit 10.10 to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2001, Commission File No. 1-05707.

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- 10.07* Chief Executive Officer Bonus Plan, adopted September 24, 2001. Incorporated by reference to Exhibit 10.11 to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2001, Commission File No. 1-05707.
- 10.08* The Corporate Plan for Retirement Select Plan Basic Plan Document. Incorporated by reference to Exhibit 10.12 to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2001, Commission File No. 1-05707.
- 10.09* The Corporate Plan for Retirement Select Plan Adoption Agreement dated September 27, 2001. Incorporated by reference to Exhibit 10.13 to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2001, Commission File No. 1-05707.
- 10.10* First Amendment to the General Employment Enterprises, Inc. Executive Retirement Plan dated September 27, 2001. Incorporated by reference to Exhibit 10.14 to the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2001, Commission File No. 1-05707.
- 10.11* Form of employment agreement with executive officers. Incorporated by reference to Exhibit 10.01 to the Company's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2001, Commission File No. 1-05707.
- 10.12* Operational Vice President Bonus Plan effective for fiscal years beginning on or after October 1, 2004. Incorporated by reference to Exhibit 10.01 to the Company's Quarterly Report of Form 10-QSB for the quarterly period ended December 31, 2004, Commission File No. 1-05707.
- 10.13* Form of stock option agreement under the General Employment Enterprises, Inc. 1997 Stock Option Plan. Incorporated by reference to Exhibit 99.01 to the Company's current report on Form 8-K dated September 25, 2006, Commission File No. 1-05707.
- 10.14* Chief Executive Officer Bonus Plan Amendment 1, effective for fiscal years beginning on or after October 1, 2006. Incorporated by reference to Exhibit 10.01 to the Company's quarterly report on Form 10-QSB for the quarterly period ended December 31, 2006, Commission File No. 1-05707.
- 10.15* Form of director stock option agreement under the Amended and Restated General Employment Enterprises, Inc. 1997 Stock Option Plan.
- 10.16* Form of stock option agreement under the General Employment Enterprises, Inc. 1999 Stock Option Plan.
- 10.17* Resolution of the Compensation Committee of the Board of Directors adopted September 24, 2007, amending the General Employment Enterprises, Inc. Executive Retirement Plan.

- 10.18* Amendment of employment agreement with Herbert F. Imhoff, Jr., effective as of October 5, 2007.
- 10.19* Form of first amendment of employment agreements with Marilyn L. White and with Kent M. Yauch, effective as of October 2, 2007.
- 10.20* Form of indemnity agreement with directors and officers, adopted November 19, 2007.

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14.01 General Employment Enterprises, Inc. Code of Ethics for Directors, Officers and Employees, adopted as of August 16, 2004. Incorporated by reference to Exhibit 14.01 to the Company's Form 8-K Current Report dated August 16, 2004, Commission File No. 1-05707.

23.01 Consent of Independent Registered Public Accounting Firm.

31.01 Certification of the principal executive officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.

31.02 Certification of the principal financial officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act.

32.01 Certifications required by Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code.

* Management contract or compensatory plan or arrangement.

Item 14, Principal Accountant Fees and Services.

Information set forth in the Company's Proxy Statement for the 2008 annual meeting of shareholders under the heading "Principal Accountant Fees" is incorporated herein by reference.

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SIGNATURES

In accordance with Section 13 or 15(d) of the Exchange Act, the registrant has caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENERAL EMPLOYMENT ENTERPRISES, INC.
(Registrant)

Date: November 19, 2007 By: /s/ Herbert F. Imhoff, Jr.
Herbert F. Imhoff, Jr.
Chairman of the Board, Chief
Executive Officer and President

In accordance with the Exchange Act, 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, 2007 By: /s/ Herbert F. Imhoff, Jr.
Herbert F. Imhoff, Jr., Director
Chairman of the Board, Chief
Executive Officer and President
(Principal executive officer)

Date: November 19, 2007 By: /s/ Kent M. Yauch
Kent M. Yauch, Director
Vice President, Chief Financial

Officer and Treasurer (Principal
financial and accounting officer)

Date: November 19, 2007 By:/s/ Dennis W. Baker
Dennis W. Baker, Director

Date: November 19, 2007 By:/s/ Sheldon Brottman
Sheldon Brottman, Director

Date: November 19, 2007 By:/s/ Andrew Dailey
Andrew Dailey, Director

Date: November 19, 2007 By:/s/ Delain G. Danehey
Delain G. Danehey, Director

Date: November 19, 2007 By:/s/ Joseph F. Lizzadro
Joseph F. Lizzadro, Director

BY LAWS
OF
GENERAL EMPLOYMENT ENTERPRISES, INC.

As Amended November 19, 2007

ARTICLE I

OFFICES

The principal office of the corporation in the State of Illinois shall be located in Oakbrook Terrace and the County of DuPage. The corporation may have such other offices, either within or without the State of Illinois, as the business of the corporation may require from time to time.

The registered office of the corporation required by The Business Corporation Act to be maintained in the State of Illinois may be, but need not be, identical with the principal office in the State of Illinois, and the address of the registered office may be changed from time to time by the board of directors.

ARTICLE II

SHAREHOLDERS

SECTION 1. ANNUAL MEETING. The annual meeting of the shareholders shall be held each year at such time and date as the board of directors may prescribe, for the purpose of electing directors and for the transaction of such other business as may come before the meeting. If the day fixed for the annual meeting shall be a legal holiday, such meeting shall be held on the next succeeding business day.

SECTION 2. SPECIAL MEETINGS. Special meetings of the shareholders may be called by the chairman of the board, by the chief executive officer, by the president, by the board of directors or by the holders of not less than one-fifth of all the outstanding shares of the corporation.

To be properly brought before the special meeting, business must be either (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors, (b) otherwise properly brought before the special meeting by or at the direction of the board of directors or (c) otherwise properly brought before the special meeting by shareholders of the corporation holding sufficient shares to call a special meeting as provided in the first paragraph of this Section 2 and (i) being shareholders of record on the record date for the determination of shareholders entitled to vote at such special meeting, on the date such shareholders provide timely notice to the corporation as provided herein and on the date of the special meeting and (ii) complying with the notice procedures set forth in this Section 2. In addition to any other applicable requirements, for business to be properly brought by shareholders before a special meeting, the shareholders must have given timely notice thereof in writing to the secretary. To be timely, the shareholders' notice must be delivered to and received at the principal office of the corporation, in the case of a special meeting of shareholders, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the date of the special meeting. The shareholders' notice to the secretary shall set forth as to each matter the shareholders propose to be brought before the special meeting (a) a brief description of the business desired to be brought before the special meeting and the reasons for conducting such business at the special meeting, (b) the name and record address of the shareholders proposing such business, (c) the class and number of shares of the corporation which are beneficially owned by the shareholders and (d) any material interest of the shareholders in such business.

Notwithstanding anything in these by-laws to the contrary, no business shall be conducted at the special meeting except in accordance with the procedures set forth in this Section 2.

The chairman of a special meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 2, and if he should so determine, he shall so declare to the meeting and such business not properly brought before the meeting shall not be transacted.

SECTION 3. PLACE OF MEETING. The board of directors may designate any place, either within or without the State of Illinois, as the place of meeting for any annual meeting or for any special meeting called by the board of directors. If no designation is made, or if a special meeting be otherwise called, the place of meeting shall be the registered office of the corporation in the State of Illinois.

SECTION 4. NOTICE OF MEETINGS. Written or printed notice stating the place, day and hour of the meeting, and in the case of a special meeting, the purpose or purposes for which the meeting is called, shall be delivered not less than ten (10) nor more than sixty (60) days before the date of the meeting, or in the case of a merger or consolidation, not less than twenty (20) nor more than sixty (60) days before the meeting, either personally or by mail, by or at the direction of the chairman of the board, the chief executive officer, the president, or the secretary, or the officer or persons calling the meeting, to each shareholder of record entitled to vote at such meeting. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail, addressed to the shareholder at his address as it appears on the records of the corporation, with postage thereon prepaid.

SECTION 5. FIXING OF RECORD DATE. For the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the board of directors of the corporation shall fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than sixty (60) days and, for a meeting of shareholders, not less than ten (10) days, or in the case of a merger or consolidation, not less than twenty (20) days, immediately preceding such meeting. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, the date on which notice of the meeting is mailed or the date on which the resolution of the board of directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders.

SECTION 6. VOTING LISTS. The officer or agent having charge of the transfer books for shares of the corporation shall make, at least ten (10) days before each meeting of shareholders, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of and the number of shares held by each, which list, for a period of ten (10) days prior to such meeting, shall be kept on file at the registered office of the corporation and shall be subject to inspection by any shareholder at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof kept in this state, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of shareholders.

SECTION 7. QUORUM. A majority of the outstanding shares of the corporation, represented in person or by proxy, shall constitute a quorum at any meeting of shareholders; provided, that if less than a

majority of the outstanding shares are represented at said meeting, a majority of the shares so represented may adjourn the meeting from time to time without further notice. If a quorum is present, the affirmative vote of the majority of the shares represented at the meeting shall be the act of the shareholders, unless the vote of a greater number or voting by classes is required by The Business Corporation Act, the articles of incorporation or these by-laws.

SECTION 8. PROXIES. At all meetings of shareholders, a shareholder may vote by proxy executed in writing by the shareholder or by his duly authorized attorney-in-fact. Such proxy shall be filed with the secretary of the corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

SECTION 9. VOTING OF SHARES. Subject to the provisions of Section 11 of this article, each outstanding share, regardless of class, shall be entitled to one vote upon each matter submitted to vote at a meeting of shareholders.

SECTION 10. VOTING OF SHARES BY CERTAIN HOLDERS. Shares standing in the name of another corporation, domestic or foreign, may be voted by such officer, agency, or proxy as the by-laws of such corporation may prescribe, or, in the absence of such provision, as the board of directors of such corporation may determine.

Shares standing in the name of a deceased person may be voted by his administrator or executor, either in person or by proxy. Shares standing in the name of a guardian, conservator, or trustee may be voted by such fiduciary, either in person or by proxy, but no guardian, conservator, or trustee shall be entitled, as such fiduciary, to vote shares held by him without a transfer of such shares into his name.

Shares standing in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his name if authority so to do be contained in an appropriate order of the court by which such receiver was appointed.

A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Shares of its own stock belonging to this corporation shall not be voted, directly or indirectly, at any meeting and shall not be counted in determining the total number of outstanding shares at any given time, but shares of its own stock held by it in a fiduciary capacity may be voted and shall be counted in determining the total number of outstanding shares at any given time.

SECTION 11. CUMULATIVE VOTING. In all elections for directors, every shareholder shall have the right to vote, in person or by proxy, the number of shares owned by him, for as many persons as there are directors to be elected, or to cumulate said shares, and give one candidate as many votes as the number of directors multiplied by the number of his shares shall equal, or to distribute them on the same principle among as many candidates as he shall see fit.

SECTION 12. INSPECTORS. At any meeting of shareholders, the chairman of the meeting may, or upon the request of any shareholder shall, appoint one or more persons as inspectors for such meeting.

Such inspectors shall ascertain and report the number of shares represented at the meeting, based upon their determination of the validity and effect of proxies; count all votes and report the results; and to do such other acts as are proper to conduct the election and voting with impartiality and fairness to all the shareholders.

Each report of an inspector shall be in writing and signed by him or by a majority of them if there be more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

SECTION 13. INFORMAL ACTION BY SHAREHOLDERS. Any action required to be taken at a meeting of the shareholders, or any other action which may be taken at a meeting of the shareholders, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the shareholders entitled to vote with respect to the subject matter thereof.

In order that the corporation may determine the shareholders entitled to consent to corporate action in writing without a meeting, the board of directors may fix a record date, which record date shall not precede the date upon which the resolution fixing the record date is adopted by the board of directors, and which date shall not be more than twenty (20) days after the date upon which the resolution fixing the record date is adopted by the board of directors. Any shareholder of record seeking to have the shareholders authorize or take corporate action by written consent shall, by written notice to the secretary, request the board of directors to fix a record date. The board of directors shall promptly, but in all events within twenty (20) days after the date on which such request is received, adopt a resolution fixing the record date. If no record date has been fixed by the board of directors within twenty (20) days of the date on which such request has been received, the record date for determining the shareholders entitled to consent to corporate action in writing without a meeting, when no prior action by the board of directors is required by applicable law, shall be the first date on which a signed written consent setting forth the action taken or proposed to be taken is delivered to the corporation by delivery to its registered office in the State of Illinois, its principal place of business, or any officer or agent of the corporation having custody of the book in which proceedings of shareholders meetings are recorded, to the attention of the secretary of the corporation. Delivery shall be by hand or by certified or registered mail, return receipt requested. If no record date has been fixed by the board of directors and prior action by the board of directors is required by applicable law, the record date for determining shareholders entitled to consent to corporate action in writing without a meeting shall be at the close of business on the date on which the board of directors adopts the resolution taking such prior action.

SECTION 14. VOTING BY BALLOT. Voting on any question or in any election may be viva voce unless the presiding officer shall order or any shareholder shall demand that voting be by ballot.

SECTION 15. NOTICE OF NOMINATIONS OF DIRECTORS. Nominations for the election of directors may be made by the board of directors or by a committee appointed by the board of directors, or by any shareholder entitled to vote in the election of directors generally may make nominations for the election of directors to be held at an annual meeting of shareholders, provided that such shareholder has given actual written notice of such shareholder's intent to make such nomination or nominations to the secretary of the corporation: (a) with respect to an election to be held at an annual meeting of shareholders, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of shareholders, and (b) with respect to an election to be held at a special meeting of shareholders for the election of directors, not later than the close of business on the seventh day following (i) the date on which notice of such meeting is first given to shareholders or (ii) the date on which public disclosure of such meeting is made, whichever is earlier.

Each such notice shall set forth: (a) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the shareholder is a holder of record of stock of the corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings involving any two or more of the shareholders, each such nominee

and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder or relating to the corporation or its securities

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or to such nominee's service as a director if elected; (d) such other information regarding such nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nominee been nominated, or intended to be nominated, by the board of directors; and (e) the consent of each nominee to serve as a director of the corporation if so elected. The chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

SECTION 16. NOTICE OF SHAREHOLDER BUSINESS. At an annual meeting of the shareholders, only such business shall be conducted as shall have been brought before the meeting (a) by or at the direction of the board of directors or (b) by any shareholder of the corporation who complies with the notice procedures set forth in this Section 16. For business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the secretary of the corporation. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the corporation, not less than ninety (90) days nor more than one hundred twenty (120) days prior to the anniversary date of the immediately preceding annual meeting of shareholders. A shareholder's notice to the secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting: (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the corporation's books, of the shareholder proposing such business, (c) the class and number of shares of the corporation which are beneficially owned by the shareholder and (d) any material interest of the shareholder in such business. Notwithstanding anything in the by-laws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 16. The chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of this Section 16, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

ARTICLE III

DIRECTORS

SECTION 1. GENERAL POWERS. The business and affairs of the corporation shall be managed by its board of directors.

SECTION 2. NUMBER, TENURE AND QUALIFICATIONS. The number of directors of the corporation shall be not less than three (3) nor more than seven (7) and a majority of the total number of directors must be non-employees of the corporation. The number of directors may be fixed or changed from time to time, within the minimum and maximum, by the directors or the shareholders without amending these by-laws. Each director shall hold office until the next annual meeting of shareholders or until his successor shall have been elected and qualified. Directors need not be residents of Illinois or shareholders of the corporation.

SECTION 3. REGULAR MEETINGS. A regular meeting of the board of directors shall be held without other notice than this by-law, immediately after, and at the same place as, the annual meeting of shareholders. The board of directors may provide, by resolution, the time and place, either within or without the State of Illinois, for the holding of additional regular meetings without other notice than such resolution. The time and place for a regular meeting set forth in any such resolution may be changed by written or telephone notice from the chairman of the board or his designee to the directors at least

three (3) days prior to the date upon which the meeting is to take place.

SECTION 4. SPECIAL MEETINGS. Special meetings of the board of directors may be called by or at the request of the chairman of the board, the chief executive officer, the president or a majority of the directors. The person or persons authorized to call special meetings of the board of directors may fix any place, either within or without the State of Illinois, as the place for holding any special meeting of the board of directors called by them.

SECTION 5. NOTICE. Notice of any special meeting shall be given at least three (3) days previous thereto by written notice delivered personally or mailed to each director at his business address, or by an electronic transmission. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. An electronic transmission may include a telephonic facsimile, Internet mail or other electronic means. Any director may waive notice of any meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objection to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the board of directors need be specified in the notice or waiver of notice of such meeting.

SECTION 6. QUORUM. A majority of the number of directors fixed by these by-laws shall constitute a quorum for transaction of business at any meeting of the board of directors, provided, that if less than a majority of such number of directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice.

SECTION 7. MANNER OF ACTING. The act of the majority of the directors present at the meeting at which a quorum is present shall be the act of the board of directors.

SECTION 8. VACANCIES. Any vacancy occurring in the board of directors and any directorship to be filled by reason of an increase in the number of directors may be filled by election at an annual meeting or special meeting of shareholders called for that purpose or a majority of directors may properly fill one or more vacancies arising between meetings of shareholders by reason of an increase in the number of directors or otherwise, but at no time may the number of directors selected to fill vacancies in this manner during an interim period between meetings of shareholders exceed 33 1/3% of the total membership of the board of directors. A director elected to fill a vacancy shall serve until the next annual meeting of shareholders.

SECTION 9. INFORMAL ACTION BY DIRECTORS. Any action required to be taken at a meeting of the board of directors, or any other action which may be taken at a meeting of the board of directors, may be taken without a meeting if a consent in writing, setting forth the action so taken, shall be signed by all of the directors entitled to vote with respect to the subject matter thereof.

SECTION 10. COMPENSATION. The board of directors, by the affirmative vote of a majority of directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the corporation as directors, officers, or otherwise. By resolution of the board of directors, the directors may be paid their expenses, if any, for attendance at each meeting of the board. Regular, full-time employees who also serve on the board of directors are not to receive additional compensation for serving as members of the board of directors.

SECTION 11. PRESUMPTION OF ASSENT. A director of the corporation who is present at a meeting of the board of directors at which action on any corporate

matter is taken shall be conclusively presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the

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meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

SECTION 12. TELEPHONE ATTENDANCE. Members of the board of directors or of any committee of the board of directors may participate in and act at any meeting of such board or committee through the use of a conference telephone or other communications equipment by means of which all persons participating in the meeting can hear each other. Participation in such meeting shall constitute attendance and presence in person at the meeting of the person or persons so participating.

ARTICLE IV

COMMITTEES OF THE BOARD OF DIRECTORS

SECTION 1. ESTABLISHMENT OF COMMITTEES. A majority of the directors may create one or more committees and appoint members of the board of directors to serve on the committee or committees. Each committee shall have three (3) or more members, who serve at the pleasure of the board of directors. Any vacancy in a committee may be filled by the board of directors. Each committee shall keep regular minutes of its meetings and report the same to the board of directors as required.

SECTION 2. COMMITTEE MEETINGS. Committee meetings may be called by the chairman of the board, the chairman of the committee or by a majority vote of the committee members. A majority of any committee shall constitute a quorum and a majority of a quorum shall be necessary for action by any committee. A committee may act by unanimous consent in writing without a meeting.

SECTION 3. AUTHORITY OF COMMITTEES. To the extent specified by resolution of the board of directors and these by-laws, each committee may exercise the authority of the board of directors, provided, however, a committee may not:

- a) authorize distributions;
- b) approve or recommend to shareholders any act requiring the approval of shareholders;
- c) fill vacancies on any committee;
- d) elect or remove officers or fix the compensation of any member of the committee;
- e) adopt, amend or repeal these by-laws;
- f) approve a plan of merger not requiring shareholder approval;
- g) authorize or approve reacquisition of shares, except according to a general formula or method prescribed by the board of directors;
- h) authorize or approve the issuance or sale, or contract for sale, of shares, or determine the designation and relative rights, preferences, and limitations of a series of shares, except that a committee may fix the specific terms of the issuance or sale or contract for sale, or the number of shares to be allocated to particular employees under an employee benefit plan; or
- i) amend, alter, repeal, or take action inconsistent with any resolution or action of the board of directors when the resolution or action of the board of directors provides by its terms that it shall not be amended, altered or repealed by action of a committee.

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ARTICLE V

OFFICERS

SECTION 1. NUMBER. The officers of the corporation shall be a chairman of the board, a chief executive officer, a president, a chief financial officer, a treasurer, a secretary, one or more vice presidents (the number to be determined by the board of directors), and such assistant treasurers, assistant secretaries as may be elected by the board of directors. Any two or more offices may be held by the same person, except the offices of president and secretary.

SECTION 2. ELECTION AND TERM OF OFFICE. The officers of the corporation shall be elected annually by the board of directors at the first meeting of the board of directors held after each annual meeting of shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Vacancies may be filled or new offices filled at any meeting of the board of directors. Each officer shall hold office until his successor shall have been duly elected and shall have qualified or until his death or until he shall resign or shall have been removed in the manner hereinafter provided. Election or appointment of an officer or agent shall not of itself create contract rights.

SECTION 3. REMOVAL. Any officer or agent elected or appointed by the board of directors may be removed by the board of directors whenever in its judgment the best interests of the corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

SECTION 4. VACANCIES. A vacancy in any office because of death, resignation, removal, disqualification or otherwise, may be filled by the board of directors for the unexpired portion of the term.

SECTION 5. CHAIRMAN OF THE BOARD. The board of directors shall elect one of its members to be chairman of the board. The chairman of the board shall preside at all meetings of the shareholders and board of directors, and shall be an ex-officio member of all committees of the board of directors.

SECTION 6. CHIEF EXECUTIVE OFFICER. The chief executive officer of General Employment Enterprises, Inc. shall have general and active executive powers as well as specific powers conferred by these by-laws. Additionally, the chief executive officer shall specifically possess the power to execute all bonds, mortgages, certificates, contracts and other corporate instruments and to perform all other duties properly assigned by the board of directors.

SECTION 7. PRESIDENT. The president shall be the chief operating officer of General Employment Enterprises, Inc. and shall have general and active executive powers as well as specific powers conferred by these by-laws. The president shall have general authority in the affairs of the corporation, accountable only to the chief executive officer and the board of directors. He shall make such reports to the chief executive officer, the board of directors and the shareholders as may be required. The president shall also be responsible for performing such other duties as the chief executive officer or the board of directors may assign and if required, may sign with the secretary or assistant secretary, certificates for shares of the corporation.

SECTION 8. CHIEF FINANCIAL OFFICER. The chief financial officer shall be the chief financial officer and the chief accounting officer of General Employment Enterprises, Inc. He shall have responsibility for administering the financial affairs of the corporation. Additionally, the chief financial officer shall be responsible for maintaining strong internal accounting controls, policies, procedures and timely financial

regulations governing a public company whose shares are publicly traded. The chief financial officer shall perform all duties incident to the office of chief financial officer and such other duties as from time to time may be assigned to him by the chief executive officer or by the board of directors.

SECTION 9. VICE-PRESIDENTS. In the absence of the president and the chief executive officer, or their inability or refusal to act, the vice-president (in the event there be more than one vice-president, the vice-presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the president, and when so acting, shall have all the powers of and be subject to all the restrictions upon the president. Any vice-president may sign, with the secretary or an assistant secretary, certificates for shares of the corporation; and shall perform such other duties as from time to time may be assigned to him by the president, the chief executive officer, or by the board of directors.

SECTION 10. TREASURER. The treasurer shall have the specific duty and responsibility to maintain, control, and secure custody of all of the funds and securities of General Employment Enterprises, Inc. and to invest excess corporate funds in minimal risk financial instruments as prescribed by the investment policy approved by the board of directors, maintaining necessary liquidity of working capital necessary for general operating needs. Additionally, the treasurer shall be responsible for filing all federal, state and local taxes and notwithstanding all specific duties and responsibilities detailed in the by-laws, the treasurer will also be required to perform such additional duties and functions which may be properly assigned by the chief financial officer, by the chief executive officer, or by the board of directors.

SECTION 11. SECRETARY. The secretary shall: (a) keep minutes of the shareholders' and of the board of directors' meetings in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these by-laws or as required by law; (c) be custodian of the corporate records and of the seal of the corporation and see that the seal of the corporation is affixed to all certificates for shares prior to the issue thereof and to all documents, the execution of which on behalf of the corporation under its seal is duly authorized in accordance with the provision of these by-laws; (d) keep a register of the post-office address of each shareholder which shall be furnished to the secretary by such shareholder; (e) sign with the chief executive officer, the president, or a vice-president, certificates for shares of the corporation, the issue of which shall have been authorized by resolution of the board of directors; (f) have general charge of the stock transfer books of the corporation; (g) in general, perform all duties incident to the office of secretary and such other duties as from time to time may be assigned by the chief executive officer, president, or by the board of directors.

SECTION 12. ASSISTANT TREASURERS AND ASSISTANT SECRETARIES. The assistant treasurers shall respectively, if required by the board of directors, give bonds for the faithful discharge of their duties in such sums and with such sureties as the board of directors shall determine. The assistant secretaries as thereunto authorized by the board of directors may sign with the chief executive officer, the president, or a vice-president, certificates for shares of the corporation, the issue of which shall have been authorized by a resolution of the board of directors. The assistant treasurers and assistant secretaries, in general, shall perform such duties as shall be assigned to them by the treasurer or the secretary, respectively, or by the president or the board of directors.

SECTION 13. GENERAL POWERS OF OFFICERS. The chairman of the board, the chief executive officer, the president and any vice president may sign without countersignature any deeds, mortgages, bonds, contracts, reports to public agencies, or other instruments whether or not the board of directors has expressly authorized execution of such instruments, except in cases where the signing and execution thereof shall be expressly delegated by the board of directors or by these by-laws solely to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed.

Any other officer of this corporation may sign contracts, reports to public agencies, or other instruments which

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are in the regular course of business and within the scope of his or her authority, except where signing and execution thereof shall be expressly delegated by the board of directors or by these by-laws to some other officer or agent of the corporation, or shall be required by law to be otherwise signed or executed.

SECTION 14. OFFICER COMPENSATION. The compensation of the officers shall be approved by the board of directors, and no officer shall be prevented from receiving such compensation by reason of the fact that such officer is also a director of the corporation.

ARTICLE VI

CONTRACTS, LOANS, CHECKS AND DEPOSITS

SECTION 1. CONTRACTS. The board of directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument in the name of and on behalf of the corporation, and such authority may be general or confined to specific instances.

SECTION 2. LOANS. No loans shall be contracted on behalf of the corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the board of directors. Such authority may be general or confined to specific instances.

SECTION 3. CHECKS, DRAFTS, ETC. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the corporation, shall be signed by such officer or officers, agent or agents of the corporation and in such manner as shall from time to time be determined by resolution of the board of directors.

SECTION 4. DEPOSITS. The board of directors may appoint one or more persons who may severally be authorized by the board of directors to select and designate as a depository of and for the moneys and funds of the corporation such bank or banks as such person may from time to time determine; and the said person or persons so authorized by the board of directors may further be authorized severally to terminate and cancel the designation of any bank or banks as a depository of this corporation.

ARTICLE VII

CERTIFICATES FOR SHARES, UNCERTIFICATED SHARES AND THEIR TRANSFER

SECTION 1. CERTIFICATES FOR SHARES AND UNCERTIFICATED SHARES. The issued shares of the corporation shall be represented by certificates or shall be uncertificated shares. Certificates representing shares of the corporation shall be in such form as may be determined by the board of directors. Such certificates shall be signed by any one of the chief executive officer, the president, or a vice president, and shall be countersigned by the secretary or an assistant secretary, and shall be sealed with the seal, or a facsimile of the seal, of the corporation. If a certificate is countersigned by a transfer agent or registrar, other than the corporation itself or its employee, any other signatures or countersignature on the certificate may be facsimiles. In case any officer of the corporation, or any officer or employee of the transfer agent or registrar who has signed or whose facsimile signature has been placed upon such certificate ceases to be an officer of the corporation, or an officer or employee of the transfer agent or registrar before such certificate is issued, the certificate may be issued by the corporation with the same effect as if the officer of the corporation, or the officer or

employee of the transfer agent or registrar had not ceased to be such at the date of its issue. Each certificate representing shares shall state: that the corporation is organized under the laws of the State of Illinois; the name of the person to whom issued; the number and class of shares; and

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the designation of the series, if any, which such certificate represents. Each certificate shall be consecutively numbered or otherwise identified. All certificates surrendered to the corporation for transfer shall be cancelled, and no new certificate or uncertificated shares shall be issued in replacement therefor until the former certificate for a like number of shares shall have been surrendered and cancelled, except in the case of lost, destroyed or mutilated certificates.

The board of directors may provide by resolution that some or all of any classes or series of the corporation's shares shall be uncertificated shares, provided that such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the corporation. Within a reasonable time after the issuance or transfer of uncertificated shares, the corporation shall send to the registered owner thereof a written notice containing the information required to be set forth or stated on certification pursuant to this section. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated shares and rights and obligations of the holders of certificates representing shares of the same class and series shall be identical. The name of the person to whom the shares are issued, with the number of shares and date of issue, shall be entered on the books of the corporation.

SECTION 2. TRANSFER OF SHARES. Transfers of shares of the corporation shall be made only on the books of the corporation by the holder of record thereof or by his legal representative, who shall furnish proper evidence of authority to transfer, or by his attorney thereunto authorized by power of attorney duly executed and filed with the secretary of the corporation, and on surrender for cancellation of the certificate for such shares. The person in whose name shares stand on the books of the corporation shall be deemed an owner thereof for all purposes as regards the corporation.

SECTION 3. TRANSFER AGENT AND REGISTRAR. The board of directors may from time to time appoint such transfer agents and registrars in such locations as it shall determine, and may, in its discretion, appoint a single entity to act in the capacity of both transfer agent and registrar in any one location.

ARTICLE VIII

INDEMNIFICATION

SECTION 1. INDEMNIFICATION OF DIRECTORS AND OFFICERS. The corporation shall, to the fullest extent to which it is empowered to do so by The Illinois Business Corporation Act of 1983 or any other applicable laws as may from time to time be in effect, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she is or was a director or officer of the corporation, or that he or she is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by such person in connection with such action, suit or proceeding.

SECTION 2. CONTRACT WITH THE CORPORATION. The provisions of this Article VIII shall be deemed to be a contract between the corporation and each director or officer who serves in any such capacity at any time while this article is in effect, and any repeal or modification of this Article VIII shall not affect any rights or obligations hereunder with respect to any state of facts then or theretofore existing or any action, suit or proceeding theretofore or thereafter brought or threatened based in whole or in part upon

any such state of facts.

SECTION 3. INDEMNIFICATION OF EMPLOYEES AND AGENTS. Persons who are not covered by the foregoing provisions of this Article VIII and who are or were employees or agents of the

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corporation, or who are or were serving at the request of the corporation as employees or agents of another corporation, partnership, joint venture, trust or other enterprise, may be indemnified to the extent authorized at any time or from time to time by the board of directors; provided, however, that to the extent that such employee or agent has been successful, on the merits or otherwise, in the defense of any action, suit or proceeding to which he or she was made a party by reason of the fact that he or she is or was an employee or agent acting in the above-described capacity, or in defense of any claim, issue or matter therein, the corporation shall indemnify such employee or agent against expenses (including attorneys' fees) actually and reasonably incurred by him or her in connection therewith.

SECTION 4. OTHER RIGHTS OF INDEMNIFICATION. The indemnification provided or permitted by this Article VIII shall not be deemed exclusive of any other rights to which those indemnified may be entitled by law or otherwise, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such person.

ARTICLE IX

FISCAL YEAR

The fiscal year of the corporation shall begin on the first day of October in each year and end on the last day of September of each year.

ARTICLE X

DIVIDENDS

The board of directors may from time to time, declare, and the corporation may pay, dividends on its outstanding shares in the manner and upon the terms and conditions provided by law and its articles of incorporation.

ARTICLE XI

SEAL

The board of directors shall provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the corporation and the words, "Corporate Seal, Illinois."

ARTICLE XII

WAIVER OF NOTICE

Whenever any notice whatever is required to be given under the provisions of these by-laws or under the provisions of the articles of incorporation or under the provisions of The Business Corporation Act of the State of Illinois, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

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ARTICLE XIII

AMENDMENTS

These by-laws may be altered, amended or repealed and new by-laws may be adopted at any meeting of the board of directors of the corporation by a vote of 66 2/3% of the directors present at the meeting or at any meeting of the shareholders of the corporation by the affirmative vote of the holders of at least 66 2/3% of the outstanding shares of the corporation.

GENERAL EMPLOYMENT ENTERPRISES, INC.
Director Stock Option Agreement
Under The Amended and Restated
General Employment Enterprises, Inc. 1997 Stock Option Plan

A Stock Option ("Option") is hereby granted by General Employment Enterprises, Inc., an Illinois corporation ("Company"), to the director of the Company named below ("Optionee"), for and with respect to common stock of the Company, no par value ("Common Stock"), in accordance with the provisions for grants to non-employee directors, under the Amended and Restated General Employment Enterprises, Inc. 1997 Stock Option Plan, as approved by the majority of shareholders on February 26, 2007, subject to the following terms and conditions:

1. Grant. Subject to the provisions set forth herein and the terms and conditions of the Amended and Restated General Employment Enterprises, Inc. 1997 Stock Option Plan ("Plan"), the terms of which are hereby incorporated by reference, and in consideration of the agreements of Optionee herein provided, the Company hereby grants to Optionee an option to purchase from the Company the number of shares of Common Stock, at the purchase price per share, and on the schedule, set forth below. At the time of exercise of the Option, payment of the entire purchase price shall be made pursuant to terms of the Plan.

Name of Optionee:

Type of Option:

Number of Shares
Subject to Option:

Option Price Per Share:

Date of Grant:

Exercise Schedule:

Number of Shares Subject to Option	Commencement Date	Expiration Date
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The grant of the Option is conditioned upon the acceptance by Optionee of the terms hereof as evidenced by his execution of this Agreement in the space provided therefor at the end hereof and the return of an executed copy to the Secretary of the Company no later than _____.

2. Prior Termination. Except as provided in Section 2(b) below, the Option shall not be exercisable prior to the Commencement Date set forth in Section 1 above. Notwithstanding the Expiration Date set forth in Section 1 above:

(a) if Optionee's directorship with the Company (i) is terminated by the Company and/or its shareholders for any reason; or (ii) is voluntarily terminated by the Optionee for any reason other than; (I) termination on or after attaining age 55, (II) death or (III) disability, the Option shall expire on the ninetieth (90) day after such termination of directorship.

(b) if Optionee's directorship with the Company terminates on or after attaining age 55; or by reason of disability or death, the Option, if not already exercisable on the date of such termination of directorship, shall become exercisable and shall expire on the earlier of the first anniversary of the date of such termination of directorship or the date the Option expires in accordance with Section 1 above. During such period the Option may be exercised by Optionee with respect to the same number of shares of Common Stock, in the same manner, and to the same extent, as if Optionee had continued directorship during such period; provided that if such termination occurs by reason of death, the Option shall be

exercisable, in whole or in part, by a legatee or legatees of the Option under Optionee's will, or by his executors, personal representatives or distributees.

3. Transferability. The Option may be exercised only by Optionee during his lifetime, except as provided in Section 2, above, and may not be transferred other than by will or the applicable laws of descent or distribution. The Option shall not otherwise be transferred, assigned, pledged or hypothecated for any purpose whatsoever and is not subject, in whole or in part, to execution, attachment, or similar process. Any attempted assignment, transfer, pledge or hypothecation or other disposition of the Option, other than in accordance with the terms set forth herein, shall be void and of no effect.

4. Notice of Exercise. Written notice of an election to exercise any portion of the Option, specifying the portion thereof being exercised, in 1,000 share increments, (or in such smaller number representing all of the shares subject to the unexercised portion of the Option) and the exercise date, shall be given by Optionee, or his personal representative in the event of Optionee's death (i) by delivering such notice at the principal executive offices of the Company no later than the exercise date, or (ii) by mailing such notice, postage prepaid, addressed to the Secretary of the Company at the principal executive offices of the Company at least three business days prior to the exercise date.

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5. Shareholder Status. Neither Optionee nor any other person entitled to exercise the Option under the terms hereof shall be, or have any of the rights or privileges of, a shareholder of the Company in respect of any of the shares of Common Stock issuable on exercise of the Option, unless and until the purchase price for such shares shall have been paid in full pursuant to the terms of the Plan.

6. Cancellation or Adjustment. In the event the Option shall be exercised in whole, this Agreement shall be surrendered to the Company for cancellation. In the event the Option shall be exercised in part, or a change in the number or designation of the Common Stock shall be made, this Agreement shall be delivered by Optionee to the Company for the purpose of making the appropriate notation thereon, or of otherwise reflecting, in such manner as the Company shall determine, the partial exercise or the change in the number or designation of the Common Stock. In the event of any Common Stock dividend, split up, recapitalization, merger, consolidation, combination, or exchange of shares of Common Stock, separation, reorganization or liquidation occurring after the date of this Agreement, the Committee will adjust the aggregate price to be paid or the aggregate number and class of shares of Common Stock to be received by Optionee pursuant to an Option.

7. Administration. The Option shall be exercised in accordance with such administrative regulations as the Committee established by the Plan to administer the Plan, shall from time to time adopt.

8. Governing Law. The Option, and this Agreement shall be construed, administered and governed in all respects under and by the laws of the State of Illinois. The Company and the Optionee agree that the jurisdiction and venue for any disputes arising under, or any action brought to enforce (or otherwise relating to) this Agreement shall be exclusively in the courts in the State of Illinois, County of DuPage, including the Federal Courts located therein (should Federal jurisdiction exist), and the Company and the Employee hereby submit and consent to said jurisdiction and venue.

9. No Guaranty of Directorship. Nothing herein confers or shall confer on Optionee any right to continue in the directorship of the Company nor shall interfere with the Company's and/or its shareholders' right to terminate the directorship of Optionee at any time.

10. Notices to Optionee. Any notices by the Company to Optionee shall be deemed given when personally delivered to Optionee, or three business days after mailed to Optionee by first-class mail, postage prepaid, to Optionee's last address on the employee records of the Company.

11. The Plan. The terms of this Agreement shall be subject to the

terms of the Plan. In the case of any conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall control.

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12. Counterparts. The parties may execute this Agreement in one or more counterparts, all of which together shall constitute but one Agreement.

GENERAL EMPLOYMENT ENTERPRISES, INC.

By: _____
Herbert F. Imhoff, Jr., Chief Executive Officer
and Chairman of the Board

The undersigned hereby accepts the foregoing Option and the terms and conditions hereof.

Date

Optionee

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GENERAL EMPLOYMENT ENTERPRISES, INC.

Stock Option Agreement

Under The

General Employment Enterprises, Inc. 1999 Stock Option Plan

A Stock Option ("Option") is hereby granted by General Employment Enterprises, Inc., an Illinois corporation ("Company"), to the officer of the Company named below ("Optionee"), for and with respect to common stock of the Company, no par value ("Common Stock"), subject to the following terms and conditions:

1. Grant. Subject to the provision set forth herein and the terms and conditions of the General Employment Enterprises, Inc. 1999 Stock Option Plan ("Plan"), the terms of which are hereby incorporated by reference, and in consideration of the agreements of Optionee herein provided, the Company hereby grants to Optionee an option to purchase from the Company the number of shares of Common Stock, at the purchase price per share, and on the schedule, set forth below. At the time of exercise of the Option, payment of the entire purchase price shall be made pursuant to terms of the Plan.

Name of Optionee:

Type of Option:

Number of Shares

Subject to Option:

Option Price per Share:

Date of Grant:

Exercise Schedule:

Number of Shares

Commencement

Expiration

Subject to Option

Date

Date

The grant of the Option is conditioned upon the acceptance by Optionee of the terms hereof as evidenced by his execution of this Agreement in the space provided therefor at the end hereof and the return of an executed copy to the Secretary of the Company no later than _____.

2. Prior Termination. Except as provided in Section 2(b) below, the Option shall not be exercisable prior to the Commencement Date set forth in Section 1 above. Notwithstanding the Expiration Date set forth in Section 1 above:

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(a) if Optionee's employment with the Company (i) is terminated by the Company for any reason; or (ii) is voluntarily terminated by the Optionee for any reason other than; (I) termination on or after attaining age 55, (II) death or (III) disability, the Option shall expire on the ninetieth (90) day after such termination of employment.

(b) if Optionee's employment with the Company terminates on or after attaining age 55; or by reason of disability or death, the Option, if not already exercisable on the date of such termination of employment, shall become exercisable and shall expire on the earlier of the first anniversary of the date of such termination of employment or the date the Option expires in accordance with Section 1 above. During such period the Option may be exercised by Optionee with respect to the same number of shares of Common Stock, in the same manner, and to the same extent, as if Optionee had continued employment during such period; provided that if such termination occurs by reason of death, the Option shall be exercisable, in whole or in part, by a legatee or legatees of the Option under Optionee's will, or by his executors, personal representatives or distributees.

3. Transferability. The Option may be exercised only by Optionee during his lifetime, except as provided in Section 2, above, and may not be transferred other than by will or the applicable laws of descent or distribution. The Option shall not otherwise be transferred, assigned, pledged or hypothecated for any purpose whatsoever and is not subject, in whole or in part, to execution, attachment, or similar process. Any attempted assignment, transfer, pledge or hypothecation or other disposition

of the Option, other than in accordance with the terms set forth herein, shall be void and of no effect.

4. Notice of Exercise. Written notice of an election to exercise any portion of the Option, specifying the portion thereof being exercised, in 1,000 share increments, (or in such smaller number representing all of the shares subject to the unexercised portion of the Option) and the exercise date, shall be given by Optionee, or his personal representative in the event of Optionee's death (i) by delivering such notice at the principal executive offices of the Company no later than the exercise date, or (ii) by mailing such notice, postage prepaid, addressed to the Secretary of the Company at the principal executive offices of the Company at least three business days prior to the exercise date.

5. Shareholder Status. Neither Optionee nor any other person entitled to exercise the Option under the terms hereof shall be, or have any of the rights or privileges of, a shareholder of the Company in respect of any of the shares of Common Stock issuable on exercise of the Option, unless and until the purchase price for such shares shall have been paid in full pursuant to the terms of the Plan.

6. Cancellation or Adjustment. In the event the Option shall be exercised in whole, this Agreement shall be surrendered to the Company for cancellation. In the event the Option shall be exercised in part, or a change in the number or designation of the Common Stock shall be made, this Agreement shall be delivered by Optionee to the Company for the purpose of making the appropriate notation thereon, or of otherwise reflecting, in such manner as the Company shall determine, the partial exercise or the change in the number or designation of the Common Stock. In the event of any Common Stock dividend, split up, recapitalization, merger, consolidation, combination, or exchange of shares of Common

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Stock, separation, reorganization or liquidation occurring after the date of this Agreement, the Committee will adjust the aggregate price to be paid or the aggregate number and class of shares of Common Stock to be received by Optionee pursuant to an Option.

7. Administration. The Option shall be exercised in accordance with such administrative regulations as the Committee established by the Plan to administer the Plan, shall from time to time adopt.

8. Governing Law. The Option, and this Agreement shall be construed, administered and governed in all respects under and by the laws of the State of Illinois. The Company and the Optionee agree that the jurisdiction and venue for any disputes arising under, or any action brought to enforce (or otherwise relating to) this Agreement shall be exclusively in the courts in the State of Illinois, County of DuPage, including the Federal Courts located therein (should Federal jurisdiction exist), and the Company and the Employee hereby submit and consent to said jurisdiction and venue.

9. No Guaranty of Employment. Nothing herein confers or shall confer on Optionee any right to continue in the employment of the Company nor shall interfere with the Company's right to terminate the employment of Optionee at any time.

10. Notices to Optionee. Any notices by the Company to Optionee shall be deemed given when personally delivered to Optionee, or three business days after mailed to Optionee by first-class mail, postage prepaid, to Optionee's last address on the employee records of the Company.

11. The Plan. The terms of this Agreement shall be subject to the terms of the Plan. In the case of any conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall control.

12. Counterparts. The parties may execute this Agreement in one or more counterparts, all of which together shall constitute but one Agreement.

By: _____
Herbert F. Imhoff, Jr., Chief Executive Officer
and Chairman of the Board

The undersigned hereby accepts the foregoing Option and the terms and conditions hereof.

Date

Optionee

ADOPTED BY THE COMPENSATION COMMITTEE - SEPTEMBER 24, 2007

WHEREAS, General Employment Enterprises, Inc. (the "Corporation") maintains the General Employment Enterprises, Inc. Executive Retirement Plan (the "Plan") for the benefit of the Corporation's eligible executive employees;

WHEREAS, the American Jobs Creation Act of 2004 added a new Section 409A to the Internal Revenue Code, which requires this Corporation to amend the Plan;

WHEREAS, Section 9.01 of the Plan gives the Board of Directors of the Corporation the authority to act on behalf of the Corporation to amend the Plan; and

WHEREAS, the Corporation now considers it necessary and desirable to amend the Plan to provide for the termination of the Plan and the immediate distribution of all Plan participants' account balances upon a change in control of the Corporation;

NOW, THEREFORE, IT IS RESOLVED, that the Plan be and hereby is amended, effective immediately and notwithstanding anything in the Plan to the contrary, to provide that, contemporaneous with a change in control event (as defined in Treas. Reg. Section 1.409A-3(i)(5)), the Plan be terminated and all account balances be immediately distributed to the Plan participants in single lump sum payments, regardless of any participant's previous distribution election.

IT IS FURTHER RESOLVED, that the proper officers of the Corporation be, and they hereby are, individually and collectively authorized, empowered and directed to do all acts and things that they may deem necessary or appropriate to carry out the foregoing resolutions.

AMENDMENT OF
EMPLOYMENT AGREEMENT OF HERBERT F. IMHOFF, JR.

This Amendment of Employment Agreement (the "Amendment") is made and entered into this 5th day of October 2007, by and between Herbert F. Imhoff, Jr. (the "Executive") and General Employment Enterprises, Inc., an Illinois Corporation (the "Company") (collectively, the "Parties").

WHEREAS, the Parties entered into an Employment Agreement effective as of August 1, 2001 (the "Agreement"); and

WHEREAS, the Parties now consider it desirable to amend the terms and conditions of the Agreement by this Amendment to reflect the requirements of Internal Revenue Code Section 409A and to clarify the rights of the Parties;

NOW THEREFORE, in accordance with Section 13 of the Agreement and in consideration of the mutual promises herein made, the sufficiency of which are expressly acknowledged, the Parties agree as follows:

1. The following new Sections 2(b) and 2(c) shall be substituted for Section 2(b) of the 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 Section 2(a) hereinabove) and either by the Company for a reason other than 'Cause' or by the Executive for 'Good Reason,' the Executive shall receive:

- (i) reimbursement for any expenses incurred in connection with outplacement assistance of the Executive up to \$25,000,
- (ii) a lump sum cash payment equal to the sum of the Executive's Base Salary and the Average Annual Performance Bonus (as defined below) that would have been provided under Section 3 of this Agreement for the remainder of the Term specified in Section 2(a) above, (iii) the Executive's 'severance bonus,' which equals the Executive's Average Annual Performance Bonus multiplied by a fraction, the numerator of which is the number of days elapsed in the fiscal year of termination and the denominator of which is 365, and
- (iv) continuation of the Benefits and Perquisites provided under Section 4 of this Agreement for the remainder of the Term specified in Section 2(a) above. In the event that the Company cannot provided any of the Benefits or Perquisites required by clause (iv) above because of applicable law or plan terms, the Executive shall receive a lump sum payment from the Company equal to the value of such Benefits and Perquisites that are not provided, payable within ten (10) business days of termination. To the extent any reimbursements are subject to Section 409A of the Internal Revenue Code of 1986, as amended (the 'Code'), then such expenses must be incurred before the last day of the second taxable year following the taxable year in which the termination occurred, provided that any reimbursement for such expenses be paid before the Executive's third taxable year following the taxable year in which the termination occurred. For purposes of this Agreement, the Executive's Average Annual Performance Bonus shall be equal to the greater of (y) the Performance Bonus paid to the Executive for the last full fiscal year before employment termination, and (z) the average of the annual Performance Bonus paid the to the Executive for each of the last three full fiscal years before employment termination. Amounts to be paid to the Executive under clauses (i) and (ii) above of this Section 2(b) shall be paid within ten (10) business days of his employment termination.

(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. For purposes of this Agreement, 'Good Reason' shall mean, without the Executive's consent, (i) a material diminution in the Executive's base compensation, (ii) a material diminution in the Executive's authority, duties, or responsibilities; (iii) a material change in the geographic location at which the Executive must perform the services; and (iv) any other action or inaction that constitutes a material breach by the Company of this Agreement. The Executive must provide written notice to the Company within 90 days of the initial existence of one or more of the above conditions to constitute Good Reason. Upon such notice, the Company shall have a period of at least 30 days during which it may remedy the condition. A separation from service will not constitute a termination for Good Reason pursuant this Section 2(b) unless such separation occurs during a period of time not to exceed two years following the initial existence of one or more of the above conditions.

(c) Notwithstanding any other provisions of this Agreement, but subject to Executive's continued compliance with the provisions of Section 9, in the event that any payment, benefit or distribution by or on behalf of the Company to or for the benefit of the Executive (whether paid or payable or distributed or distributable pursuant to the terms of this Agreement or otherwise, but determined without regard to any additional payments required under this paragraph) (the 'Payments') is determined to be an 'excess parachute payment' pursuant to Code Section 280G or any successor or substitute provision of the Code, with the effect that the Executive is liable for the payment of the excise tax described in Code Section 4999 or any successor or substitute provision of the Code (the 'Excise Tax'), then the Company shall pay to the Executive an additional amount (the 'Gross-Up Payment') such that the net amount retained by Executive, after deduction of any Excise Tax on the Payments and any federal, state and local income and employment taxes and Excise Tax on the Gross-Up Payment, shall be equal to the Payments."

2. The following three new sentences shall be added to Section 11 of the Agreement, immediately after the last sentence thereof:

"The arbitration shall be conducted in DuPage County, Illinois. The Company shall bear all costs of the arbitration proceeding. All reasonable costs and expenses (including fees and disbursements of counsel) incurred by the Executive in seeking to interpret this Agreement or enforce rights pursuant to this Agreement shall be paid on behalf of or reimbursed to the Executive promptly by the Company, if the Executive is successful in asserting such rights."

3. The following new Sections 17, 18 and 19 shall be added to the Agreement immediately after Section 16 thereof:

"17. Indemnification and Insurance. For the period from the Commencement Date through at least the sixth anniversary of the Executive's termination of employment from the Company, the Company agrees to maintain the Executive as an insured party on all directors' and officers' insurance maintained by the Company for the benefit of its directors and officers on at least the same basis as all other covered individuals and provide the Executive with at least the same corporate indemnification as its other senior officers.

18. Effect on Other Obligations. Payments and benefits herein provided to the Executive by the Company will be made without regard to and in addition to any other payments or benefits required to be paid to the Executive at any time hereafter under the terms of any other agreement between the Executive and the Company (it being understood and agreed that the Executive will not be entitled to severance or termination benefits in addition to those provided herein under any severance or termination plan of the Company or its affiliates). No payments or benefits provided the Executive hereunder will be reduced by any amount the Executive may earn or receive from employment with another employer or from any other source without violation of this Agreement. In no event will the Executive be obliged to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement.

19. Code Section 409A. This Agreement is intended to comply with Code Section 409A and the interpretative guidance thereunder, including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions, and shall be administered accordingly. This Agreement shall be construed and interpreted with such intent. If a payment under Sections 2(b) or 4(c) above does not qualify as a short-term deferral under Code Section 409A and Treas. Reg. Section 1.409A-1(b)(4) (or any similar or successor provisions), and the Executive is a Specified Employee (as defined below) as of his termination, distributions to the Executive may not be made before the date that is six months after the date of his termination or, if earlier, the date of the Executive's death (the 'Six-Month Delay Rule'). Payments to which the Executive would otherwise be entitled during the first six months following the termination (the 'Six-Month Delay') will be accumulated and paid on the first day of the seventh month following the termination. Notwithstanding the Six-Month Delay Rule set forth in this Section 19(b):

(a) To the maximum extent permitted under Code Section 409A and Treas. Reg. Section 1.409A-1(b)(9)(iii) (or any similar or successor provisions), during each month of the Six-Month Delay, the Company will pay the Executive an amount equal to the lesser of (A) the total monthly severance provided under Sections 2(b) and 4(c) above, or (B) one-sixth (1/6) of the lesser of (1) the maximum amount that may be taken into account under a qualified plan pursuant to Code Section 401(a)(17) for the year in which the Executive's termination occurs, and (2) the sum of the Executive's annualized compensation based upon the annual rate of pay for services provided to the Company for the taxable year of the Executive preceding the taxable year of the Executive in which his termination occurs (adjusted for any increase during that year that was expected to continue indefinitely if the Executive had not had a termination); provided that amounts paid under this sentence will count toward, and will not be in addition to, the total payment amount required to be made to the Executive by the Company under Sections 2(b) and 4(c); and

(b) To the maximum extent permitted under Code Section 409A and Treas. Reg. Section 1.409A-1(b)(9)(v)(D) (or any similar or successor provisions), within ten (10) days of the termination, the Company will pay the Executive an amount equal to the applicable dollar amount under Code Section 402(g)(1)(B) for the year of the Executive's termination; provided that the amount paid under this sentence will count toward, and will not be in addition to, the total payment amount required to be made to the Executive by the Company under Sections 2(b) and 4(c).

(c) For purposes of this Agreement, 'Specified Employee' has the meaning given that term in Code Section 409A and Treas. Reg. 1.409A-1(c)(i) (or any similar or successor provisions). The Company's 'specified employee identification date' (as described in Treas. Reg. 1.409A-1(c)(i)(3)) will be December 31 of each year, and the Company's 'specified employee effective date' (as described in Treas. Reg. 1.409A-1(c)(i)(4) or any similar or successor provisions) will be February 1 of each succeeding year."

* * * *

IN WITNESS WHEREOF, the parties have executed this Amendment on this 5th day of October 2007.

GENERAL EMPLOYMENT ENTERPRISES, INC. EXECUTIVE

By: /s/ Sheldon Brottman /s/ Herbert F. Imhoff, Jr.
Sheldon Brottman
Chairman of the Compensation Committee
and member of the Board of Directors

FORM OF FIRST AMENDMENT OF
EMPLOYMENT AGREEMENTS OF _____

This Amendment of Employment Agreement (the "Amendment") is made and entered into this ___ day of October 2007, by and between _____ (the "Employee") and General Employment Enterprises, Inc., an Illinois Corporation (the "Company") (collectively, the "Parties").

WHEREAS, the Parties entered into an Employment Agreement effective as of December __, 2001 (the "Agreement"); and

WHEREAS, the Parties now consider it desirable to amend the terms and conditions of the Agreement by this Amendment to reflect the requirements of Internal Revenue Code Section 409A and to clarify the rights of the Parties;

NOW THEREFORE, in accordance with Section 9 of the Agreement and in consideration of the mutual promises herein made, the sufficiency of which are expressly acknowledged, the Parties agree as follows:

1. The parenthetical in the first sentence of Section 3 immediately preceding subsection 3(i) that states "(other than terminations by the Employee for Good Reason, which shall be subject to the terms of Section 5 below)" is hereby removed.

2. The following new Section 4 shall be substituted for Section 4 of the Agreement:

"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) a lump sum cash payment equal to two times the sum of the Employee's Base Salary (as defined below) and the Average Annual Bonus (as defined below), (b) accelerated vesting of all cash or stock awards previously awarded to the Employee under any bonus or other incentive programs in which the Employee is a participant, (c) the Employee's 'severance bonus,' which equals the Employee's Average Annual Bonus multiplied by a fraction, the numerator of which is the number of days elapsed in the fiscal year of termination and the denominator of which is 365, (d) payment for any accrued but unused vacation pay, (e) continuation of coverage for a period of two years under the Company's medical, dental, and vision plans, and (f) continuation of coverage for a period of two years under the Company's other benefit plans and programs in which the Employee is a participant on the date of his termination to the extent coverage is permitted by law and the plan terms. In the event coverage under the benefits provided in clause 4(e) or 4(f) are not permitted by law or the plan terms, the Employee shall receive a lump sum payment from the Company equal to the value of such benefits, payable within ten (10) business days of termination. For purposes of this Agreement, the Employee's Average Annual Bonus shall be equal to the average of the annual bonus paid to the Employee for each of the last three full fiscal years before employment termination. For purposes of this Agreement, the Employee's Base Salary shall be the Employee's annual base salary payable as of his employment termination or, if greater, the Employee's annual base salary payable immediately prior to the Change in Control. Amounts to be paid to the Employee under clauses (a) through (d) above of this Section 4 shall be paid within ten (10) business days of his employment termination."

3. The following new Section 6(d) shall be substituted for Section 6(d) of the Agreement:

"(d) Good Reason. For purposes of this Agreement, 'Good Reason' means there is, without the Employee's written consent:

(i) a material diminution in the Employee's base compensation;

(ii) a material diminution in the Employee's authority, duties, or responsibilities;

(iii) a material diminution in the authority, duties, or responsibilities of the supervisor to whom the Employee is required to report;

(iv) a material diminution in the budget over which the Employee retains authority;

(v) a material change in the geographic location at which the Employee must perform the services; and

(vi) any other action or inaction that constitutes a material breach by the Company of this Agreement.

The Employee must provide written notice to the Company within 90 days of the initial existence of one or more of the above conditions to constitute Good Reason. Upon such notice, the Company shall have a period of at least 30 days during which it may remedy the condition. A separation from service will not constitute a termination for Good Reason pursuant to Section 5 of the Agreement unless such separation occurs during a period of time not to exceed two years following the initial existence of one or more of the above conditions."

4. The following new Sections 10 through 13 are hereby added to the Agreement, immediately after Section 9 thereof:

"10. Mutual Arbitration Agreement. Employee 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 Employee'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. The arbitration shall be conducted in

(including fees and disbursements of counsel) incurred by the Employee in seeking to interpret this Agreement or enforce rights pursuant to this Agreement shall be paid on behalf of or reimbursed to the Employee promptly by the Company, if the Employee is successful in asserting such rights."

11. Indemnification and Insurance. For the period from the Commencement Date through at least the sixth anniversary of the Employee's termination of employment from the Company, the Company agrees to maintain the Employee as an insured party on all directors' and officers' insurance maintained by the Company for the benefit of its directors and officers on at least the same basis as all other covered individuals and provide the Employee with at least the same corporate indemnification as its other senior officers.

12. Effect on Other Obligations. Payments and benefits herein provided to the Employee by the Company will be made without regard to and in addition to any other payments or benefits required to be paid to the Employee at any time hereafter under the terms of any other agreement between the Employee and the Company (it being understood and agreed that the Employee will not be entitled to severance or termination benefits in addition to those provided herein under any severance or termination plan of the Company or its affiliates). No payments or benefits provided the Employee hereunder will be reduced by any amount the Employee may earn or receive from employment with another employer or from any other source without violation of this Agreement. In no event will the Employee be obliged to seek other employment or take any other action by way of mitigation of the amounts payable to the Employee under any of the provisions of this Agreement.

13. Code Section 409A. This Agreement is intended to comply with Section 409A of the Internal Revenue Code of 1986, as amended (the 'Code') and the interpretative guidance thereunder, including the exceptions for short-term deferrals, separation pay arrangements, reimbursements, and in-kind distributions, and shall be administered accordingly. This Agreement shall be construed and interpreted with such intent. To the extent payments under Section 4 above do not qualify as short-term deferrals under Code Section 409A and Treas. Reg. Section 1.409A-1(b)(4) (or any similar or successor provisions), and the Employee is a Specified Employee (as defined below) as of his termination, distributions to the Employee may not be made before the date that is six months after the date of his termination or, if earlier, the date of the Employee's death (the 'Six-Month Delay Rule'). Payments to which the Employee would otherwise be entitled during the first six months following the termination (the 'Six-Month Delay') will be accumulated and paid on the first day of the seventh month following the termination. Notwithstanding the Six-Month Delay Rule set forth in this Section 13:

(a) To the maximum extent permitted under Code Section 409A and Treas. Reg. Section 1.409A-1(b)(9)(iii) (or any similar or successor provisions), during each month of the Six-Month Delay, the Company will pay the Employee an amount equal to the lesser of (A) the total monthly severance provided under Section 4 above, or (B) one-sixth (1/6) of the lesser of (1) the maximum amount that may be taken into account under a qualified plan pursuant to Code Section 401(a)(17) for the year in which the Employee's termination occurs, and (2) the sum of the Employee's annualized compensation based upon the annual rate of pay for services provided to the Company for the taxable year of the Employee preceding the taxable year of the Employee in which his termination occurs (adjusted for any increase during that year that was expected to

continue indefinitely if the Employee had not had a termination); provided that amounts paid under this sentence will count toward, and will not be in addition to, the total payment amount required to be made to the Employee by the Company under Section 4; and

(b) To the maximum extent permitted under Code Section 409A and Treas. Reg. Section 1.409A-1(b)(9)(v)(D) (or any similar or successor provisions), within ten (10) days of the termination, the Company will pay the Employee an amount equal to the applicable dollar amount under Code Section 402(g)(1)(B) for the year of the Employee's termination; provided that the amount paid under this sentence will count toward, and will not be in addition to, the total payment amount required to be made to the Employee by the Company under Section 4.

(c) For purposes of this Agreement, 'Specified Employee' has the meaning given that term in Code Section 409A and Treas. Reg. 1.409A-1(c)(i) (or any similar or successor provisions). The Company's 'specified employee identification date' (as described in Treas. Reg. 1.409A-1(c)(i)(3)) will be December 31 of each year, and the Company's 'specified employee effective date' (as described in Treas. Reg. 1.409A-1(c)(i)(4) or any similar or successor provisions) will be February 1 of each succeeding year."

IN WITNESS WHEREOF, the parties have executed this Amendment on this ___ day of October 2007.

GENERAL EMPLOYMENT ENTERPRISES, INC.

EMPLOYEE

By: _____

Its: _____

INDEMNITY AGREEMENT

This Indemnity Agreement ("Agreement") is made as of _____, 2007 by and between GENERAL EMPLOYMENT ENTERPRISES, INC., an Illinois corporation (the "Company"), and [NAME OF DIRECTOR OR OFFICER] ("Indemnitee").

RECITALS

WHEREAS, highly competent persons have become more reluctant to serve publicly-held corporations as directors or in other capacities unless they are provided with adequate protection through insurance or adequate indemnification against inordinate risks of claims and actions against them arising out of their service to and activities on behalf of the corporation.

WHEREAS, the Board of Directors of the Company (the "Board") has determined that, in order to attract and retain qualified individuals, the Company will attempt to maintain on an ongoing basis, at its sole expense, liability insurance to protect persons serving the Company and its subsidiaries from certain liabilities. Although the furnishing of such insurance has been a customary and widespread practice among United States-based corporations and other business enterprises, the Company believes that, given current market conditions and trends, such insurance may be available to it in the future only at higher premiums and with more exclusions. At the same time, directors, officers and other persons in service to corporations or business enterprises are being increasingly subjected to expensive and time-consuming litigation relating to, among other things, matters that traditionally would have been brought only against the Company or business enterprise itself. The Articles of Incorporation (the "Charter") and the Bylaws of the Company require indemnification of the officers and directors of the Company. Indemnitee may also be entitled to indemnification pursuant to applicable provisions of the Illinois Business Corporation Act of 1983 ("IBCA"). The Charter, the Bylaws and the IBCA expressly provide that the indemnification provisions set forth therein are not exclusive, and thereby contemplate that contracts may be entered into between the Company and members of the board of directors, officers and other persons with respect to indemnification.

WHEREAS, the uncertainties relating to such insurance and to indemnification have increased the difficulty of attracting and retaining such persons.

WHEREAS, the Board has determined that the increased difficulty in attracting and retaining such persons is detrimental to the best interests of the Company's stockholders and that the Company should act to assure such persons that there will be increased certainty of such protection in the future.

WHEREAS, it is reasonable, prudent and necessary for the Company contractually to obligate itself to indemnify, and to advance expenses on behalf of, such persons to the fullest extent permitted by applicable law so that they will serve or continue to serve the Company free from undue concern that they will not be so indemnified.

WHEREAS, this Agreement is a supplement to and in furtherance of the Charter, the Bylaws of the Company and any resolutions adopted pursuant thereto, and shall not be deemed a substitute therefor, nor to diminish or abrogate any rights of Indemnitee thereunder.

WHEREAS, Indemnitee does not regard the protection available under the Company's Charter, Bylaws and insurance as adequate in the present circumstances, and may not be willing to serve as an officer or director without adequate protection, and the Company desires Indemnitee to serve in such capacity. Indemnitee is willing to serve, continue to serve and to take on additional service for or on behalf of the Company on the condition that he be so indemnified.

NOW, THEREFORE, in consideration of the premises and the covenants contained herein, the Company and Indemnitee do hereby covenant and agree as follows:

1. Services to the Company. Indemnitee will serve or continue to serve as an officer, director or key employee of the Company for so long as Indemnitee is duly elected or appointed or until Indemnitee's earlier death,

removal or resignation. Indemnitee may at any time and for any reason resign from such position (subject to any other contractual obligation or any obligation imposed by operation of law), in which event the Company shall have no obligation under this Agreement to continue Indemnitee in such position. This Agreement shall not be deemed an employment contract between the Company (or any of its subsidiaries or any Enterprise) and Indemnitee. Indemnitee specifically acknowledges that Indemnitee's employment with the Company (or any of its subsidiaries or any Enterprise), if any, is at will, and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment contract between Indemnitee and the Company (or any of its subsidiaries or any Enterprise), other applicable formal severance policies duly adopted by the Board, or, with respect to service as a director or officer of the Company, by the Company's Charter, the Company's Bylaws, and the IBCA. The foregoing notwithstanding, this Agreement shall continue in force after Indemnitee has ceased to serve as an officer, director or key employee of the Company.

2. Definitions. As used in this Agreement:

(a) References to "agent" shall mean any person who is or was a director, officer, or employee of the Company or a subsidiary of the Company or other person authorized by the Company to act for the Company, to include such person serving in such capacity as a director, officer, employee, fiduciary or other official of another corporation, partnership, limited liability company, joint venture, trust or other enterprise at the request of, for the convenience of, or to represent the interests of the Company or a subsidiary of the Company.

(b) The terms "Beneficial Owner" and "Beneficial Ownership" shall have the meanings set forth in Rule 13d-3 promulgated under the Exchange Act (as defined below) as in effect on the date hereof.

(c) A "Change in Control" shall be deemed to occur upon the earliest to occur after the date of this Agreement of any of the following events:

(i) Change in Board of Directors. Individuals who, as of the date hereof, constitute the Board (the "Incumbent Directors") cease for any reason to constitute at

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least a majority of the Board, other than any such cessation that occurs directly or indirectly as a result of or in connection with the issuance of equity securities of the Company in exchange for a reduction in the Company's indebtedness (which resulting change in the Board shall not constitute or cause a Change in Control hereunder), provided that any person becoming a director after the date hereof and whose election or nomination for election was approved by a vote of at least a majority of the Incumbent Directors then on the Board shall be an Incumbent Director; provided, however, that no individual initially elected or nominated as a director of the Company as a result of an actual or threatened election contests with respect to the election or removal of directors (an "Election Contest") or other actual or threatened solicitation of proxies or consents by or on behalf of any Person other than the Board (a "Proxy Contest"), including by reason of any agreement intended to avoid or settle any Election Contest or Proxy Contest, shall be deemed an Incumbent Director;

(ii) Acquisition of Stock by Third Party. Any Person is or becomes a Beneficial Owner, directly or indirectly, of either (x) 35% or more of the then-outstanding shares of common stock of the Company ("Company Common Stock"), or (y) securities of the Company representing 35% or more of the combined voting power of the Company's then-outstanding securities eligible to vote for the election of directors ("Company Voting Securities"), other than any person becoming a beneficial owner of Company Common Stock or Company Voting Securities in connection with the issuance of the equity securities of the Company in exchange for a reduction in the Company's indebtedness (which situation shall not constitute or cause a Change in Control hereunder); provided, however, that for purposes of this paragraph (ii), the following acquisitions of Company Common Stock or Company Voting Securities shall not constitute a Change in Control: (A) an acquisition

directly from the Company; or (B) an acquisition pursuant to a Non-Qualifying Transaction (as defined in paragraph (iii) below;

(iii) Corporate Transactions. The consummation of a recapitalization, reorganization, merger, consolidation, statutory share exchange or similar form of transaction involving the Company or a subsidiary of the Company (a "Reorganization") other than in connection with a Reorganization directly or indirectly involving the issuance of equity securities of the Company in exchange for a reduction in the Company's indebtedness (which Reorganization shall not be considered a Change in Control hereunder), or the sale or other disposition of all or substantially all of the Company's assets (a "Sale") or the acquisition of assets or stock of another entity (an "Acquisition"), unless immediately following such Reorganization, Sale or Acquisition: (A) all or substantially all of the individuals and entities who were the Beneficial Owners, respectively, of the outstanding Company Common Stock and outstanding Company Voting Securities immediately prior to such Reorganization, Sale or Acquisition are the Beneficial Owners, directly or indirectly, more than 55% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the entity resulting from or surviving such Reorganization, Sale or Acquisition (including, without limitation, an entity which as a result of such transaction owns the Company or all or substantially all of the Company's assets or stock either directly or through one or more subsidiary entities, the "Surviving Entity") in substantially the same proportions as their ownership, immediately prior to such Reorganization, Sale or Acquisition, of the outstanding Company Common Stock and the outstanding Company Voting Securities, as the case may be;

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(B) no Person (other than a Surviving Entity, its ultimate parent entity, or any employee benefit plan or related trust sponsored or maintained by either of the foregoing) is the Beneficial Owner, directly or indirectly, of 35% or more of the total common stock or 35% of the total voting power of the outstanding voting securities eligible to elect directors of the Surviving Entity; and (C) at least a majority of the members of the board of directors of the Surviving Entity were Incumbent Directors at the time of the Board's approval of the execution of the initial agreement providing for such Reorganization, Sale or Acquisition (any Reorganization, Sale or Acquisition which satisfies all of the criteria specified in (A), (B) and (C) above shall be deemed to be a "Non-Qualifying Transaction"); or

(iv) Liquidation. The approval by the stockholders of the Company of a complete liquidation or dissolution of the Company.

(d) "Corporate Status" describes the status of a person who is or was a director, officer, trustee, general partner, managing member, fiduciary, employee or agent of the Company or of any other Enterprise which such person is or was serving at the request of the Company.

(e) "Illinois Court" shall mean the Circuit Court of the Eighteenth Judicial District of the State of Illinois or another federal or state court of competent jurisdiction.

(f) "Disinterested Director" shall mean a director of the Company who is not and was not a party to the Proceeding in respect of which indemnification is sought by Indemnitee.

(g) "Enterprise" shall mean the Company and any other corporation, constituent corporation (including any constituent of a constituent) absorbed in a consolidation or merger to which the Company (or any of its wholly owned subsidiaries) is a party, limited liability company, partnership, joint venture, trust, employee benefit plan or other enterprise of which Indemnitee is or was serving at the request of the Company as a director, officer, trustee, general partner, managing member, fiduciary, employee or agent.

(h) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended.

(i) "Expenses" shall include attorneys' fees and costs,

retainers, court costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses in connection with prosecuting, defending, preparing to prosecute or defend, investigating, being or preparing to be a witness in, or otherwise participating in, a Proceeding. Expenses also shall include Expenses incurred in connection with any appeal resulting from any Proceeding, including without limitation the premium, security for, and other costs relating to any cost bond, supersedeas bond, or other appeal bond or its equivalent. Expenses, however, shall not include amounts paid in settlement by Indemnitee or the amount of judgments or fines against Indemnitee.

(j) "Independent Counsel" shall mean a law firm or a member of a law firm that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent:

(i) the Company or Indemnitee in any matter material to

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either such party (other than with respect to matters concerning the Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements); or (ii) any other party to the Proceeding giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term "Independent Counsel" shall not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee's rights under this Agreement.

(k) References to "fines" shall include any excise tax assessed on Indemnitee with respect to any employee benefit plan; references to "serving at the request of the Company" shall include any service as a director, officer, employee, agent or fiduciary of the Company which imposes duties on, or involves services by, such director, officer, employee, agent or fiduciary with respect to an employee benefit plan, its participants or beneficiaries; and if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in the best interests of the participants and beneficiaries of an employee benefit plan, Indemnitee shall be deemed to have acted in a manner "not opposed to the best interests of the Company" as referred to in this Agreement.

(l) The term "Person" shall have the meaning as set forth in Sections 13(d) and 14(d) of the Exchange Act as in effect on the date hereof; provided, however, that "Person" shall exclude: (i) the Company; (ii) any Subsidiaries of the Company; (iii) any employment benefit plan of the Company or of a Subsidiary of the Company or of any corporation owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company; and (iv) any trustee or other fiduciary holding securities under an employee benefit plan of the Company or of a Subsidiary of the Company or of a corporation owned directly or indirectly by the stockholders of the Company in substantially the same proportions as their ownership of stock of the Company.

(m) A "Potential Change in Control" shall be deemed to have occurred if: (i) the Company enters into an agreement or arrangement, the consummation of which would result in the occurrence of a Change in Control; (ii) any Person or the Company publicly announces an intention to take or consider taking actions which if consummated would constitute a Change in Control; (iii) any Person who becomes the Beneficial Owner, directly or indirectly, of securities of the Company representing 5% or more of the combined voting power of the Company's then outstanding securities entitled to vote generally in the election of directors increases his Beneficial Ownership of such securities by 5% or more over the percentage so owned by such Person on the date hereof; or (iv) the Board adopts a resolution to the effect that, for purposes of this Agreement, a Potential Change in Control has occurred.

(n) The term "Proceeding" shall include any threatened, pending or completed action, suit, arbitration, alternate dispute resolution mechanism, investigation, inquiry, administrative hearing or any other actual, threatened or completed proceeding, whether brought in the right of the Company or otherwise and whether of a civil (including intentional or unintentional tort claims), criminal, administrative or investigative nature, in which Indemnitee

was, is or will be involved as a party or otherwise by reason of the fact that Indemnitee is or was a director or officer of the Company, by reason of any action (or failure to act) taken by him or of any action (or failure to act) on his part while acting as a director or officer of the Company, or by reason of the fact that he is or was serving at the request of the Company as a director,

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officer, trustee, general partner, managing member, fiduciary, employee or agent of any other Enterprise, in each case whether or not serving in such capacity at the time any liability or expense is incurred for which indemnification, reimbursement, or advancement of expenses can be provided under this Agreement.

(o) The term "Subsidiary," with respect to any Person, shall mean any corporation or other entity of which a majority of the voting power of the voting equity securities or equity interest is owned, directly or indirectly, by that Person.

3. Indemnity in Third-Party Proceedings. The Company shall indemnify and hold harmless Indemnitee in accordance with the provisions of this Section 3 if Indemnitee was, is, or is threatened to be made, a party to or a participant (as a witness or otherwise) in any Proceeding, other than a Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 3, Indemnitee shall be indemnified against all Expenses, judgments, liabilities, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnitee or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company and, in the case of a criminal Proceeding, had no reasonable cause to believe that his conduct was unlawful.

4. Indemnity in Proceedings by or in the Right of the Company. The Company shall indemnify and hold harmless Indemnitee in accordance with the provisions of this Section 4 if Indemnitee was, is, or is threatened to be made, a party to or a participant (as a witness or otherwise) in any Proceeding by or in the right of the Company to procure a judgment in its favor. Pursuant to this Section 4, Indemnitee shall be indemnified against all Expenses actually and reasonably incurred by him or on his behalf in connection with such Proceeding or any claim, issue or matter therein, if Indemnitee acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the Company. No indemnification for Expenses shall be made under this Section 4 in respect of any claim, issue or matter as to which Indemnitee shall have been finally adjudged by a court to be liable to the Company, unless and only to the extent that any court in which the Proceeding was brought or an Illinois Court shall determine upon application that, despite the adjudication of liability but in view of all the circumstances of the case, Indemnitee is fairly and reasonably entitled to indemnification.

5. Indemnification for Expenses of a Party Who is Wholly or Partly Successful. Notwithstanding any other provisions of this Agreement, to the extent that Indemnitee is a party to (or a participant in) and is successful, on the merits or otherwise, in any Proceeding or in defense of any claim, issue or matter therein, in whole or in part, the Company shall indemnify and hold harmless Indemnitee against all Expenses actually and reasonably incurred by him in connection therewith. If Indemnitee is not wholly successful in such Proceeding but is successful, on the merits or otherwise, as to one or more but less than all claims, issues or matters in such Proceeding, the Company shall indemnify and hold harmless Indemnitee against all Expenses actually and reasonably incurred by him or on his behalf in connection with each successfully resolved claim, issue or matter. If the Indemnitee is not wholly successful in such Proceeding, the Company also shall indemnify and hold harmless Indemnitee against all Expenses reasonably incurred in connection with a claim, issue or matter related to any claim,

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issue, or matter on which the Indemnitee was successful. For purposes of this

Section and without limitation, the termination of any claim, issue or matter in such a Proceeding by dismissal, with or without prejudice, shall be deemed to be a successful result as to such claim, issue or matter.

6. Indemnification For Expenses of a Witness. Notwithstanding any other provision of this Agreement, to the extent that Indemnatee is, by reason of his Corporate Status, a witness in any Proceeding to which Indemnatee is not a party, he shall be indemnified and held harmless against all Expenses actually and reasonably incurred by him or on his behalf in connection therewith.

7. Additional Indemnification.

(a) Notwithstanding any limitation in Sections 3, 4, or 5, the Company shall indemnify and hold harmless Indemnatee if Indemnatee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnatee in connection with the Proceeding. No indemnity shall be made under this Section 7(a) on account of Indemnatee's conduct which constitutes a breach of Indemnatee's duty of loyalty to the Company or its stockholders or is an act or omission not in good faith or which involves intentional misconduct or a knowing violation of the law.

(b) Notwithstanding any limitation in Sections 3, 4, 5 or 7(a), the Company shall indemnify and hold harmless Indemnatee if Indemnatee is a party to or threatened to be made a party to any Proceeding (including a Proceeding by or in the right of the Company to procure a judgment in its favor) against all Expenses, judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such Expenses, judgments, fines, penalties and amounts paid in settlement) actually and reasonably incurred by Indemnatee in connection with the Proceeding.

8. Contribution in the Event of Joint Liability.

(a) To the fullest extent permissible under applicable law, if the indemnification and hold harmless rights provided for in this Agreement are unavailable to Indemnatee in whole or in part for any reason whatsoever, the Company, in lieu of indemnifying and holding harmless Indemnatee, shall pay, in the first instance, the entire amount incurred by Indemnatee, whether for judgments, liabilities, fines, penalties, amounts paid or to be paid in settlement and/or for Expenses, in connection with any Proceeding without requiring Indemnatee to contribute to such payment, and the Company hereby waives and relinquishes any right of contribution it may have at any time against Indemnatee.

(b) The Company shall not enter into any settlement of any Proceeding in which the Company is jointly liable with Indemnatee (or would be if joined in such Proceeding) unless such settlement provides for a full and final release of all claims asserted against Indemnatee.

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(c) The Company hereby agrees to fully indemnify and hold harmless Indemnatee from any claims for contribution which may be brought by officers, directors or employees of the Company other than Indemnatee who may be jointly liable with Indemnatee.

9. Exclusions. Notwithstanding any provision in this Agreement, the Company shall not be obligated under this Agreement to make any indemnity in connection with any claim made against Indemnatee:

(a) for which payment has actually been received by or on behalf of Indemnatee under any insurance policy or other indemnity provision, except with respect to any excess beyond the amount actually received under any insurance policy, contract, agreement, other indemnity provision or otherwise;

(b) for an accounting of profits made from the purchase and sale

(or sale and purchase) by Indemnitee of securities of the Company within the meaning of Section 16(b) of the Exchange Act or similar provisions of state statutory law or common law; or

(c) except as otherwise provided in Sections 14(e)-(f) hereof, prior to a Change in Control, in connection with any Proceeding (or any part of any Proceeding) initiated by Indemnitee, including any Proceeding (or any part of any Proceeding) initiated by Indemnitee against the Company or its directors, officers, employees or other indemnitees, unless (i) the Board authorized the Proceeding (or any part of any Proceeding) prior to its initiation or (ii) the Company provides the indemnification, in its sole discretion, pursuant to the powers vested in the Company under applicable law.

10. Advances of Expenses; Defense of Claim.

(a) Notwithstanding any provision of this Agreement to the contrary, and to the fullest extent permitted by applicable law, the Company shall advance the Expenses incurred by Indemnitee (or reasonably expected by Indemnitee to be incurred by Indemnitee within three months) in connection with any Proceeding within ten (10) days after the receipt by the Company of a statement or statements requesting such advances from time to time, whether prior to or after final disposition of any Proceeding. Advances shall be unsecured and interest free. Advances shall be made without regard to Indemnitee's ability to repay the Expenses and without regard to Indemnitee's ultimate entitlement to indemnification under the other provisions of this Agreement. Advances shall include any and all reasonable Expenses incurred pursuing a Proceeding to enforce this right of advancement, including Expenses incurred preparing and forwarding statements to the Company to support the advances claimed. The Indemnitee shall qualify for advances, to the fullest extent permitted by applicable law, solely upon the execution and delivery to the Company of an undertaking providing that the Indemnitee undertakes to repay the advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company under the provisions of this Agreement, the Charter, the Bylaws of the Company, applicable law or otherwise. This Section 10(a) shall not apply to any claim made by Indemnitee for which indemnity is excluded pursuant to Section 9.

(b) The Company will be entitled to participate in the Proceeding at its own expense.

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(c) The Company shall not settle any action, claim or Proceeding (in whole or in part) which would impose any Expense, judgment, fine, penalty or limitation on the Indemnitee without the Indemnitee's prior written consent.

11. Procedure for Notification and Application for Indemnification.

(a) Indemnitee agrees to notify promptly the Company in writing upon being served with any summons, citation, subpoena, complaint, indictment, information or other document relating to any Proceeding or matter which may be subject to indemnification or advancement of Expenses covered hereunder. The failure of Indemnitee to so notify the Company shall not relieve the Company of any obligation which it may have to the Indemnitee under this Agreement, or otherwise.

(b) Indemnitee may deliver to the Company a written application to indemnify and hold harmless Indemnitee in accordance with this Agreement. Such application(s) may be delivered from time to time and at such time(s) as Indemnitee deems appropriate in his or her sole discretion. Following such a written application for indemnification by Indemnitee, the Indemnitee's entitlement to indemnification shall be determined according to Section 12(a) of this Agreement.

12. Procedure Upon Application for Indemnification.

(a) A determination, if required by applicable law, with respect to Indemnitee's entitlement to indemnification shall be made in the specific case by one of the following methods, which shall be at the election of Indemnitee: (i) by a majority vote of the Disinterested Directors, even though less than a quorum of the Board or (ii) by Independent Counsel in a written opinion to the Board, a copy of which shall be delivered to Indemnitee. The

Company promptly will advise Indemnitee in writing with respect to any determination that Indemnitee is or is not entitled to indemnification, including a description of any reason or basis for which indemnification has been denied. If it is so determined that Indemnitee is entitled to indemnification, payment to Indemnitee shall be made within ten (10) days after such determination. Indemnitee shall reasonably cooperate with the person, persons or entity making such determination with respect to Indemnitee's entitlement to indemnification, including providing to such person, persons or entity upon reasonable advance request any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. Any costs or Expenses (including attorneys' fees and disbursements) incurred by Indemnitee in so cooperating with the person, persons or entity making such determination shall be borne by the Company (irrespective of the determination as to Indemnitee's entitlement to indemnification) and the Company hereby indemnifies and agrees to hold Indemnitee harmless therefrom.

(b) In the event the determination of entitlement to indemnification is to be made by Independent Counsel pursuant to Section 12(a) hereof, the Independent Counsel shall be selected as provided in this Section 12(b). The Independent Counsel shall be selected by Indemnitee (unless Indemnitee shall request that such selection be made by the Board), and Indemnitee shall give written notice to the Company advising it of the identity of the Independent Counsel so selected and certifying that the Independent Counsel so selected meets the requirements of "Independent Counsel" as defined in Section 2 of this Agreement. If the

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Independent Counsel is selected by the Board, the Company shall give written notice to Indemnitee advising him of the identity of the Independent Counsel so selected and certifying that the Independent Counsel so selected meets the requirements of "Independent Counsel" as defined in Section 2 of this Agreement. In either event, Indemnitee or the Company, as the case may be, may, within ten (10) days after such written notice of selection shall have been received, deliver to the Company or to Indemnitee, as the case may be, a written objection to such selection; provided, however, that such objection may be asserted only on the ground that the Independent Counsel so selected does not meet the requirements of "Independent Counsel" as defined in Section 2 of this Agreement, and the objection shall set forth with particularity the factual basis of such assertion. Absent a proper and timely objection, the person so selected shall act as Independent Counsel. If such written objection is so made and substantiated, the Independent Counsel so selected may not serve as Independent Counsel unless and until such objection is withdrawn or a court of competent jurisdiction has determined that such objection is without merit. If, within twenty (20) days after submission by Indemnitee of a written request for indemnification pursuant to Section 11(a) hereof, no Independent Counsel shall have been selected and not objected to, either the Company or Indemnitee may petition an Illinois Court for resolution of any objection which shall have been made by the Company or Indemnitee to the other's selection of Independent Counsel and/or for the appointment as Independent Counsel of a person selected by an Illinois Court, and the person with respect to whom all objections are so resolved or the person so appointed shall act as Independent Counsel under Section 12(a) hereof. Upon the due commencement of any judicial proceeding or arbitration pursuant to Section 14(a) of this Agreement, Independent Counsel shall be discharged and relieved of any further responsibility in such capacity (subject to the applicable standards of professional conduct then prevailing).

(c) The Company agrees to pay the reasonable fees and expenses of Independent Counsel and to fully indemnify and hold harmless such Independent Counsel against any and all Expenses, claims, liabilities and damages arising out of or relating to this Agreement or its engagement pursuant hereto.

13. Presumptions and Effect of Certain Proceedings.

(a) In making a determination with respect to entitlement to indemnification hereunder, the person, persons or entity making such determination shall presume that Indemnitee is entitled to indemnification under this Agreement if Indemnitee has submitted a request for indemnification in accordance with Section 11(b) of this Agreement, and the Company shall have the burden of proof to overcome that presumption

in connection with the making by any person, persons or entity of any determination contrary to that presumption. Neither the failure of the Company (including by its directors or Independent Counsel) to have made a determination prior to the commencement of any action pursuant to this Agreement that indemnification is proper in the circumstances because Indemnitee has met the applicable standard of conduct, nor an actual determination by the Company (including by its directors or Independent Counsel) that Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that Indemnitee has not met the applicable standard of conduct.

(b) If the person, persons or entity empowered or selected under Section 12 of this Agreement to determine whether Indemnitee is entitled to indemnification shall not have

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made a determination within thirty (30) days after receipt by the Company of the request therefor, the requisite determination of entitlement to indemnification shall be deemed to have been made and Indemnitee shall be entitled to such indemnification, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a final judicial determination that any or all such indemnification is expressly prohibited under applicable law; provided, however, that such 30-day period may be extended for a reasonable time, not to exceed an additional fifteen (15) days, if the person, persons or entity making the determination with respect to entitlement to indemnification in good faith requires such additional time to obtain or evaluate documentation and/or information relating thereto.

(c) The termination of any Proceeding or of any claim, issue or matter therein, by judgment, order, settlement or conviction, or upon a plea of nolo contendere or its equivalent, shall not (except as otherwise expressly provided in this Agreement) of itself adversely affect the right of Indemnitee to indemnification or create a presumption that Indemnitee did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the Company or, with respect to any criminal Proceeding, that Indemnitee had reasonable cause to believe that his conduct was unlawful.

(d) For purposes of any determination of good faith, Indemnitee shall be deemed to have acted in good faith if Indemnitee's action is based on the records or books of account of the Enterprise, including financial statements, or on information supplied to Indemnitee by the officers of the Enterprise in the course of their duties, or on the advice of legal counsel for the Enterprise or on information or records given or reports made to the Enterprise by an independent certified public accountant or by an appraiser or other expert selected by the Enterprise. The provisions of this Section 13(d) shall not be deemed to be exclusive or to limit in any way the other circumstances in which the Indemnitee may be deemed or found to have met the applicable standard of conduct set forth in this Agreement.

(e) The knowledge and/or actions, or failure to act, of any other director, officer, trustee, partner, managing member, fiduciary, agent or employee of the Enterprise shall not be imputed to Indemnitee for purposes of determining the right to indemnification under this Agreement.

14. Remedies of Indemnitee.

(a) In the event that (i) a determination is made pursuant to Section 12 of this Agreement that Indemnitee is not entitled to indemnification under this Agreement, (ii) advancement of Expenses, to the fullest extent permitted by applicable law, is not timely made pursuant to Section 10 of this Agreement, (iii) no determination of entitlement to indemnification shall have been made pursuant to Section 12(a) of this Agreement within thirty (30) days after receipt by the Company of the request for indemnification, (iv) payment of indemnification is not made pursuant to Section 5, 6, 7 or the last sentence of Section 12(a) of this Agreement within ten (10) days after receipt by the Company of a written request therefor, (v) a contribution payment is not made in a timely manner pursuant to Section 8 of this Agreement, or (vi) payment of indemnification pursuant to Section 3 or 4 of this Agreement is not

made within ten (10) days after a determination has been made that Indemnitee is entitled to indemnification, Indemnitee shall be entitled to an adjudication by an Illinois Court to such indemnification, contribution or

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advancement of Expenses. Alternatively, Indemnitee, at his option, may seek an award in arbitration to be conducted by a single arbitrator pursuant to the Commercial Arbitration Rules of the American Arbitration Association. Except as set forth herein, the provisions of Illinois law (without regard to its conflict of laws rules) shall apply to any such arbitration. The Company shall not oppose Indemnitee's right to seek any such adjudication or award in arbitration.

(b) In the event that a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnitee is not entitled to indemnification, any judicial proceeding or arbitration commenced pursuant to this Section 14 shall be conducted in all respects as a de novo trial, or arbitration, on the merits and Indemnitee shall not be prejudiced by reason of that adverse determination. In any judicial proceeding or arbitration commenced pursuant to this Section 14, Indemnitee shall be presumed to be entitled to indemnification under this Agreement and the Company shall have the burden of proving Indemnitee is not entitled to indemnification or advancement of Expenses, as the case may be, and the Company may not refer to or introduce into evidence any determination pursuant to Section 12(a) of this Agreement adverse to Indemnitee for any purpose. If Indemnitee commences a judicial proceeding or arbitration pursuant to this Section 14, Indemnitee shall not be required to reimburse the Company for any advances pursuant to Section 10 until a final determination is made with respect to Indemnitee's entitlement to indemnification (as to which all rights of appeal have been exhausted or lapsed).

(c) If a determination shall have been made pursuant to Section 12(a) of this Agreement that Indemnitee is entitled to indemnification, the Company shall be bound by such determination in any judicial proceeding or arbitration commenced pursuant to this Section 14, absent (i) a misstatement by Indemnitee of a material fact, or an omission of a material fact necessary to make Indemnitee's statement not materially misleading, in connection with the request for indemnification, or (ii) a prohibition of such indemnification under applicable law.

(d) The Company shall be precluded from asserting in any judicial proceeding or arbitration commenced pursuant to this Section 14 that the procedures and presumptions of this Agreement are not valid, binding and enforceable and shall stipulate in any such court or before any such arbitrator that the Company is bound by all the provisions of this Agreement.

(e) The Company shall indemnify and hold harmless Indemnitee to the fullest extent permitted by law against all Expenses and, if requested by Indemnitee, shall (within ten (10) days after the Company's receipt of such written request) advance to Indemnitee, to the fullest extent permitted by applicable law, such Expenses which are incurred by Indemnitee in connection with any judicial proceeding or arbitration brought by Indemnitee (i) to enforce his rights under, or to recover damages for breach of, this Agreement or any other indemnification, advancement or contribution agreement or provision of the Charter, or the Company's Bylaws now or hereafter in effect; or (ii) for recovery or advances under any insurance policy maintained by any person for the benefit of Indemnitee, regardless of whether Indemnitee ultimately is determined to be entitled to such indemnification, advance, contribution or insurance recovery, as the case may be.

(f) Interest shall be paid by the Company to Indemnitee at the legal rate under Illinois law for amounts which the Company indemnifies or is obliged to indemnify for the period commencing with the date on which Indemnitee requests indemnification, contribution,

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reimbursement or advancement of any Expenses and ending with the date on which such payment is made to Indemnitee by the Company.

15. Establishment of Trust. In the event of a Potential Change in Control, the Company shall, upon written request by Indemnitee, create a "Trust" for the benefit of Indemnitee and from time to time upon written request of Indemnitee shall fund such Trust in an amount sufficient to satisfy any and all Expenses reasonably anticipated at the time of each such request to be incurred in connection with investigating, preparing for, participating in or defending any Proceedings, and any and all judgments, fines, penalties and amounts paid in settlement (including all interest, assessments and other charges paid or payable in connection with or in respect of such judgments, fines penalties and amounts paid in settlement) in connection with any and all Proceedings from time to time actually paid or claimed, reasonably anticipated or proposed to be paid. The trustee of the Trust (the "Trustee") shall be a bank or trust company or other individual or entity chosen by the Indemnitee and reasonably acceptable to the Company. Nothing in this Section 15 shall relieve the Company of any of its obligations under this Agreement. The amount or amounts to be deposited in the Trust pursuant to the foregoing funding obligation shall be determined by mutual agreement of the Indemnitee and the Company or, if the Company and the Indemnitee are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 12(b) of this Agreement. The terms of the Trust shall provide that, except upon the consent of both the Indemnitee and the Company, upon a Change in Control: (a) the Trust shall not be revoked or the principal thereof invaded, without the written consent of the Indemnitee; (b) the Trustee shall advance, to the fullest extent permitted by applicable law, within two (2) business days of a request by the Indemnitee and upon the execution and delivery to the Company of an undertaking providing that the Indemnitee undertakes to repay the advance to the extent that it is ultimately determined that Indemnitee is not entitled to be indemnified by the Company, any and all Expenses to the Indemnitee; (c) the Trust shall continue to be funded by the Company in accordance with the funding obligations set forth above; (d) the Trustee shall promptly pay to the Indemnitee all amounts for which the Indemnitee shall be entitled to indemnification pursuant to this Agreement or otherwise; and (e) all unexpended funds in such Trust shall revert to the Company upon mutual agreement by the Indemnitee and the Company or, if the Indemnitee and the Company are unable to reach such an agreement, by Independent Counsel selected in accordance with Section 12(b) of this Agreement, that the Indemnitee has been fully indemnified under the terms of this Agreement. The Trust shall be governed by Illinois law (without regard to its conflicts of laws rules) and the Trustee shall consent to the jurisdiction of the Illinois Courts in accordance with Section 23 of this Agreement.

16. Security. Notwithstanding anything herein to the contrary, to the extent requested by the Indemnitee and approved by the Board, the Company may at any time and from time to time provide security to the Indemnitee for the Company's obligations hereunder through an irrevocable bank line of credit, funded trust or other collateral. Any such security, once provided to the Indemnitee, may not be revoked or released without the prior written consent of the Indemnitee.

17. Non-Exclusivity; Survival of Rights; Insurance; Subrogation.

(a) The rights of indemnification and to receive advancement of Expenses as provided by this Agreement shall not be deemed exclusive of any other rights to which

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Indemnitee may at any time be entitled under applicable law, the Charter, the Company's Bylaws, any agreement, a vote of stockholders or a resolution of directors, or otherwise. No amendment, alteration or repeal of this Agreement or of any provision hereof shall limit or restrict any right of Indemnitee under this Agreement in respect of any action taken or omitted by such Indemnitee in his Corporate Status prior to such amendment, alteration or repeal. To the extent that a change in applicable law, whether by statute or judicial decision, permits greater indemnification or advancement of Expenses than would be afforded currently under the Charter, the Company's Bylaws or this Agreement, it is the intent of the parties hereto that Indemnitee shall enjoy by this Agreement the greater benefits so afforded by such change. No right or remedy herein conferred is intended to be exclusive of any other right or remedy, and every other

right and remedy shall be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other right or remedy.

(b) The IBCA, the Charter and the Company's Bylaws permit the Company to purchase and maintain insurance or furnish similar protection or make other arrangements including, but not limited to, providing a trust fund, letter of credit, or surety bond ("Indemnification Arrangements") on behalf of Indemnitee against any liability asserted against him or incurred by or on behalf of him or in such capacity as a director, officer, employee or agent of the Company, or arising out of his status as such, whether or not the Company would have the power to indemnify him against such liability under the provisions of this Agreement or under the IBCA, as it may then be in effect. The purchase, establishment, and maintenance of any such Indemnification Arrangement shall not in any way limit or affect the rights and obligations of the Company or of the Indemnitee under this Agreement except as expressly provided herein, and the execution and delivery of this Agreement by the Company and the Indemnitee shall not in any way limit or affect the rights and obligations of the Company or the other party or parties thereto under any such Indemnification Arrangement.

(c) To the extent that the Company maintains an insurance policy or policies providing liability insurance for directors, officers, trustees, partners, managing members, fiduciaries, employees, or agents of the Company or of any other Enterprise which such person serves at the request of the Company, Indemnitee shall be covered by such policy or policies in accordance with its or their terms to the maximum extent of the coverage available for any such director, officer, trustee, partner, managing member, fiduciary, employee or agent under such policy or policies. If, at the time the Company receives notice from any source of a Proceeding as to which Indemnitee is a party or a participant (as a witness or otherwise), the Company has director and officer liability insurance in effect, the Company shall give prompt notice of such Proceeding to the insurers in accordance with the procedures set forth in the respective policies. The Company shall thereafter take all necessary or desirable action to cause such insurers to pay, on behalf of the Indemnitee, all amounts payable as a result of such Proceeding in accordance with the terms of such policies.

(d) In the event of any payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the rights of recovery of Indemnitee, who shall execute all papers required and take all action necessary to secure such rights, including

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execution of such documents as are necessary to enable the Company to bring suit to enforce such rights.

(e) The Company's obligation to indemnify or advance Expenses hereunder to Indemnitee who is or was serving at the request of the Company as a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other Enterprise shall be reduced by any amount Indemnitee has actually received as indemnification or advancement of expenses from such Enterprise.

18. Duration of Agreement. All agreements and obligations of the Company contained herein shall continue during the period Indemnitee serves as a director or officer of the Company or as a director, officer, trustee, partner, managing member, fiduciary, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other Enterprise which Indemnitee serves at the request of the Company and shall continue thereafter so long as Indemnitee shall be subject to any possible Proceeding (including any rights of appeal thereto and any Proceeding commenced by Indemnitee pursuant to Section 14 of this Agreement) by reason of his Corporate Status, whether or not he is acting in any such capacity at the time any liability or expense is incurred for which indemnification can be provided under this Agreement.

19. Severability. If any provision or provisions of this Agreement shall be held to be invalid, illegal or unenforceable for any reason

whatsoever: (a) the validity, legality and enforceability of the remaining provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and shall remain enforceable to the fullest extent permitted by law; (b) such provision or provisions shall be deemed reformed to the extent necessary to conform to applicable law and to give the maximum effect to the intent of the parties hereto; and (c) to the fullest extent possible, the provisions of this Agreement (including, without limitation, each portion of any Section, paragraph or sentence of this Agreement containing any such provision held to be invalid, illegal or unenforceable, that is not itself invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested thereby.

20. Enforcement and Binding Effect.

(a) The Company expressly confirms and agrees that it has entered into this Agreement and assumed the obligations imposed on it hereby in order to induce Indemnitee to serve as a director, officer or key employee of the Company, and the Company acknowledges that Indemnitee is relying upon this Agreement in serving as a director, officer or key employee of the Company.

(b) Without limiting any of the rights of Indemnitee under the Charter or Bylaws of the Company as they may be amended from time to time, this Agreement constitutes the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings, oral, written and implied, between the parties hereto with respect to the subject matter hereof.

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(c) The indemnification and advancement of expenses provided by or granted pursuant to this Agreement shall be binding upon and be enforceable by the parties hereto and their respective successors and assigns (including any direct or indirect successor by purchase, merger, consolidation or otherwise to all or substantially all of the business or assets of the Company), shall continue as to an Indemnitee who has ceased to be a director, officer, employee or agent of the Company or of any other Enterprise at the Company's request, and shall inure to the benefit of Indemnitee and his or her spouse, assigns, heirs, devisees, executors and administrators and other legal representatives.

(d) The Company shall require and cause any successor (whether direct or indirect by purchase, merger, consolidation or otherwise) to all, substantially all or a substantial part, of the business and/or assets of the Company, by written agreement in form and substance satisfactory to the Indemnitee, expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place.

(e) The Company and Indemnitee agree herein that a monetary remedy for breach of this Agreement, at some later date, may be inadequate, impracticable and difficult of proof, and further agree that such breach may cause Indemnitee irreparable harm. Accordingly, the parties hereto agree that Indemnitee may enforce this Agreement by seeking injunctive relief and/or specific performance hereof, without any necessity of showing actual damage or irreparable harm and that by seeking injunctive relief and/or specific performance, Indemnitee shall not be precluded from seeking or obtaining any other relief to which he may be entitled. The Company and Indemnitee further agree that Indemnitee shall be entitled to such specific performance and injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, without the necessity of posting bonds or other undertaking in connection therewith. The Company acknowledges that in the absence of a waiver, a bond or undertaking may be required of Indemnitee by the Court, and the Company hereby waives any such requirement of such a bond or undertaking.

21. Modification and Waiver. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by the parties hereto. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provisions of this Agreement nor

shall any waiver constitute a continuing waiver.

22. Notices. All notices, requests, demands and other communications under this Agreement shall be in writing and shall be deemed to have been duly given (i) if delivered by hand and received for by the party to whom said notice or other communication shall have been directed, or (ii) mailed by certified or registered mail with postage prepaid, on the third (3rd) business day after the date on which it is so mailed:

(a) If to Indemnitee, at the address indicated on the signature page of this Agreement, or such other address as Indemnitee shall provide in writing to the Company.

(b) If to the Company, to:

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General Employment Enterprises, Inc.
One Tower Lane
Suite 2200
Oakbrook Terrace, Illinois 60181
Attention: []

or to any other address as may have been furnished to Indemnitee in writing by the Company.

23. Applicable Law and Consent to Jurisdiction. This Agreement and the legal relations among the parties shall be governed by, and construed and enforced in accordance with, the laws of the State of Illinois, without regard to its conflict of laws rules. Except with respect to any arbitration commenced by Indemnitee pursuant to Section 14(a) of this Agreement, the Company and Indemnitee hereby irrevocably and unconditionally: (a) agree that any action or proceeding arising out of or in connection with this Agreement shall be brought only in an Illinois Court; (b) consent to submit to the jurisdiction of an Illinois Court for purposes of any action or proceeding arising out of or in connection with this Agreement; (c) waive any objection to the laying of venue of any such action or proceeding in an Illinois Court; and (d) waive, and agree not to plead or to make, any claim that any such action or proceeding brought in an Illinois Court has been brought in an improper or inconvenient forum, or is subject (in whole or in part) to a jury trial.

24. Identical Counterparts. This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original but all of which together shall constitute one and the same Agreement. Only one such counterpart signed by the party against whom enforceability is sought needs to be produced to evidence the existence of this Agreement.

25. Miscellaneous. Use of the masculine pronoun shall be deemed to include usage of the feminine pronoun where appropriate. The headings of the paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction thereof.

IN WITNESS WHEREOF, the parties have caused this Agreement to be signed as of the day and year first above written.

GENERAL EMPLOYMENT
ENTERPRISES, INC.

INDEMNITEE

By:

Name:
Title:

Name:
Address:

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EXHIBIT 23.01

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements Nos. 33-91550, 333-25129 and 333-76879 of General Employment Enterprises, Inc. Stock Option Plans, on Form S-8 of our report dated November 16, 2007, relating to the consolidated financial statements of General Employment Enterprises, Inc. and subsidiary included in the Annual Report (Form 10-KSB) for the years ended September 30, 2007 and 2006.

/s/ BDO Seidman, LLP

Chicago, Illinois
November 16, 2007

CERTIFICATION

I, Herbert F. Imhoff, Jr., certify that:

1. I have reviewed this Form 10-KSB annual report for the fiscal year ended September 30, 2007 of General Employment Enterprises, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: November 19, 2007 /s/ Herbert F. Imhoff, Jr.
Herbert F. Imhoff, Jr.
Chairman of the Board, Chief

Executive Officer and President
(Principal executive officer)

CERTIFICATION

I, Kent M. Yauch, certify that:

1. I have reviewed this Form 10-KSB annual report for the fiscal year ended September 30, 2007 of General Employment Enterprises, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the small business issuer as of, and for, the periods presented in this report;
4. The small business issuer's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the small business issuer and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the small business issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the small business issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the small business issuer's internal control over financial reporting that occurred during the small business issuer's most recent fiscal quarter (the small business issuer's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the small business issuer's internal control over financial reporting; and
5. The small business issuer's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the small business issuer's auditors and the audit committee of the small business issuer's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the small business issuer's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the small business issuer's internal control over financial reporting.

Date: November 19, 2007 /s/ Kent M. Yauch
Kent M. Yauch
Vice President, Chief Financial

Officer and Treasurer
(Principal financial officer)

CERTIFICATIONS PURSUANT TO SECTION 1350
OF CHAPTER 63 OF TITLE 18 OF THE UNITED STATES CODE

In connection with the Annual Report of General Employment Enterprises, Inc. (the "Company") on Form 10-KSB for the fiscal year ended September 30, 2007 filed with the Securities and Exchange Commission (the "Report"), each of the undersigned hereby certifies, in his capacity as an officer of the Company, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that to his knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of the operations of the Company.

Date: November 19, 2007 By: /s/ Herbert F. Imhoff, Jr.
Herbert F. Imhoff, Jr.
Chairman of the Board, Chief
Executive Officer and President
(Chief executive officer)

Date: November 19, 2007 By: /s/ Kent M. Yauch
Kent M. Yauch
Vice President, Chief Financial
Officer and Treasurer
(Chief financial officer)