

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-QSB

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

For the quarterly period ended December 31, 1995

or

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

For the transition period from _____ to _____

Commission File Number: 1-5707

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

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

One Tower Lane, Oakbrook Terrace, Illinois 60181
(Address of principal executive offices)

(708) 954-0400
(Issuer's telephone number)

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

As of January 31, 1996, there were 2,195,985 shares of
common stock outstanding.

PART I. FINANCIAL INFORMATION

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED BALANCE SHEET

December 31 September 30
1995 1995

(Dollars in Thousands)

(Unaudited)

ASSETS

Current assets:

| | | |
|---|----------|----------|
| Cash and cash equivalents | \$ 2,582 | \$ 3,225 |
| Accounts receivable, less allowances (Dec. 1995--\$312; Sept. 1995--\$290) | 2,261 | 1,803 |
| Other current assets | 51 | 57 |
| Total current assets | 4,894 | 5,085 |

Property and equipment:

| | | |
|---|---------|---------|
| Property and equipment, at cost | 2,505 | 2,473 |
| Accumulated depreciation and amortization | (2,167) | (2,141) |

| | | |
|----------------------------|----------|----------|
| Net property and equipment | 338 | 332 |
| Other assets | 385 | 408 |
| Total assets | \$ 5,617 | \$ 5,825 |

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

| | | |
|--|----------|----------|
| Accrued compensation and payroll taxes | \$ 1,765 | \$ 2,169 |
| Other current liabilities | 683 | 670 |
| Total current liabilities | 2,448 | 2,839 |

| | | |
|-----------------------|-----|-----|
| Long-term obligations | 422 | 443 |
|-----------------------|-----|-----|

Shareholders' equity:

| | | |
|--|-------|-------|
| Common stock, no-par value; authorized -- 5,000,000 shares; issued and outstanding -- 2,195,985 shares | 22 | 22 |
| Capital in excess of stated value of shares | 3,494 | 3,494 |
| Accumulated deficit | (769) | (973) |
| Total shareholders' equity | 2,747 | 2,543 |

Total liabilities and shareholders' equity \$ 5,617 \$ 5,825

See notes to consolidated financial statements.

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

Three Months
Ended December 31

(In Thousands, Except Per Share) 1995 1994

Net revenues:

| | | |
|------------------------------|----------|----------|
| Permanent placement services | \$ 3,478 | \$ 2,735 |
| Contract services | 1,519 | 1,043 |
| Net revenues | 4,997 | 3,778 |

Costs and expenses:

| | | |
|----------------------------|-------|-------|
| Cost of services | 3,635 | 2,896 |
| General and administrative | 848 | 656 |

| | | |
|----------------------------|-----|-----|
| Income before income taxes | 514 | 226 |
| Provision for income taxes | 200 | 10 |

Net income \$ 314 \$ 216

Net income per share \$.14 \$.10

See notes to consolidated financial statements.

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

Three Months
Ended December 31

(In Thousands) 1995 1994

Operating activities:

| | | |
|---|--------|--------|
| Net income | \$ 314 | \$ 216 |
| Noncash costs and expenses | 33 | (60) |
| Changes in current assets and current liabilities - | | |
| Accounts receivable | (458) | (1) |
| Accrued compensation and payroll taxes | (404) | (542) |
| Other, net | 19 | 33 |
| Net cash used by operating activities | (496) | (354) |

Investing activities (37) (27)

Financing activities:

| | | |
|--|-------|-----|
| Cash dividends declared | (110) | -- |
| Exercises of stock options | -- | 126 |
| Net cash provided (used) by financing activities | (110) | 126 |

| | | |
|--|---------|---------|
| Decrease in cash and cash equivalents | (643) | (255) |
| Cash and cash equivalents at beginning of period | 3,225 | 1,843 |
| Cash and cash equivalents at end of period | \$2,582 | \$1,588 |

Supplementary information:

| | | |
|---------------------|--------|-------|
| Income tax payments | \$ 218 | \$ 14 |
|---------------------|--------|-------|

See notes to consolidated financial statements.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Interim Financial Statements

The accompanying financial information for interim periods is unaudited but includes all adjustments (consisting only of normal recurring adjustments) which the Company considers necessary for a fair presentation of the results for the periods. This financial information should be read in conjunction with the financial statements included in the Company's annual report on Form 10-KSB for the year ended September 30, 1995. Operating results for interim periods are not necessarily indicative of the results that may be expected for the entire year.

Income Taxes

The effective income tax rate for the 1994 quarter differs from the "expected" rate because of the reversal of a previously-recorded deferred income tax valuation allowance.

Net Income Per Share

Net income per share is based on the average number of common shares outstanding and dilutive stock option shares -- 2,261,865 shares in the December 1995 quarter and 2,234,847 shares in the December 1994 quarter. The number of shares and per-share amounts for the 1994 quarter have been adjusted to reflect a 15% stock dividend paid on November 3, 1995.

Dividends Declared

In November 1995, the Company's board of directors declared a cash dividend of \$.05 per common share, payable on January 17, 1996.

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

Economic Factors and Corporate Strategies

The Company is engaged in providing employment services in major metropolitan business centers throughout the United States. During the 1995 quarter the Company opened one new office, bringing the total number of offices to 25 as of December 31, 1995. The Company has announced its intention to open six additional offices during the remainder of the fiscal year, and this is expected to have a positive effect on net revenues for the future.

One of the Company's corporate strategies since October 1992 has been to market both permanent placement and contract services through all of its offices, thereby providing the Company's customers with a choice of staffing alternatives. This strategy has been a major factor in the Company's revenue growth over the last two years.

The Company's business is strongly affected by the U.S. economy and national hiring levels. During the last two years, the

national economy has experienced a period of relatively stable growth and historically low levels of unemployment. The Gross Domestic Product increased at an estimated rate of 3.3% in 1995 and at an average rate of 4.1% in 1994, and the national unemployment rate was 5.6% in December 1995. These economic conditions have been favorable for the Company's business.

Results of Operations

For the three months ended December 31, 1995, consolidated revenues were \$4,997,000, up \$1,219,000 (32%) from last year's \$3,778,000. Permanent placement revenues increased \$743,000 (27%), on 8% more placements and an 18% higher average placement fee. Contract service revenues increased \$476,000 (46%), due to a 26% increase in billable hours and a 9% higher average hourly billing rate.

The consolidated cost of services for the three months ended December 31, 1995 was \$3,635,000, up \$739,000 (26%) from 1994. Agency manager and consultant compensation increased 24%, and salaries of contract service workers increased 35%, as a result of the higher volume of business this year. Payroll taxes and benefits increased 31%; advertising expenses increased 36%; and all other operating costs increased by 7%. As a result, the cost of services as a percent of service revenues decreased 4.0 points, from 76.7% last year to 72.7% this year.

General and administrative expenses for the three months ended December 31, 1995 were \$848,000, a \$192,000 (29%) increase from 1994. Administrative salaries and benefits increased 35%, while all other general and administrative expenses were up 18% for the period.

There was a \$200,000 provision for income taxes in the 1995 period, compared with a \$10,000 provision last year. The effective income tax rate for the 1994 quarter differs from the statutory rate because of the reversal of a previously-recorded deferred income tax valuation allowance.

Net income was \$314,000, or \$.14 per share, in the three months ended December 31, 1995, a \$98,000 improvement compared with net income of \$216,000, or \$.10 per share, last year.

Financial Condition

During the three months ended December 31, 1995, the Company's cash and cash equivalents decreased by \$643,000 to a balance of \$2,582,000. Net income provided \$314,000 during the period. However, an increase in accounts receivable required \$458,000, and a seasonal reduction of accrued payroll liabilities required \$404,000. The Company's net working capital was \$2,446,000 as of December 31, 1995, compared with \$2,246,000 at September 30, 1995, and shareholders' equity was \$2,747,000 at December 31, 1995, compared with \$2,543,000 last September.

As of December 31, 1995, the Company had no debt outstanding, and it had a \$1,000,000 line of credit available for working capital purposes. Management believes that existing resources are adequate to meet the Company's current operating needs.

As of December 31, 1995, the Company had no commitments for the acquisition of property and equipment. All of its facilities are leased, and information about future minimum lease payments is presented in the notes to consolidated financial statements contained in the Company's annual report on Form 10-KSB for the year ended September 30, 1995. The cost of opening new offices during fiscal 1996 is expected to be minor because the facilities will be leased.

PART II - OTHER INFORMATION

Item 6 Exhibits and Reports on Form 8-K

The following exhibits are filed as part of this report:

No. Description of Exhibit

- 3 By-Laws, as amended November 21, 1995.
- 10 Resolution of the Board of Directors, adopted November 21, 1995, establishing a Senior Executive Bonus Pool for fiscal 1996.
- 27 Financial Data Schedule for the three months ended December 31, 1995.

There were no reports on Form 8-K filed during the quarter.

SIGNATURES

In accordance with the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GENERAL EMPLOYMENT ENTERPRISES, INC.
(Registrant)

Date: February 13, 1996 By: /s/ Herbert F. Imhoff
Herbert F. Imhoff
Chairman of the Board
and President

Date: February 13, 1996 By: /s/ Kent M. Yauch
Kent M. Yauch
Treasurer and Controller

<TABLE> <S> <C>

<ARTICLE> 5

<MULTIPLIER> 1,000

| <S> | <C> |
|------------------------------|-------------|
| <PERIOD-TYPE> | 3-MOS |
| <FISCAL-YEAR-END> | SEP-30-1996 |
| <PERIOD-END> | DEC-31-1995 |
| <CASH> | 2,582 |
| <SECURITIES> | 0 |
| <RECEIVABLES> | 2,573 |
| <ALLOWANCES> | 312 |
| <INVENTORY> | 0 |
| <CURRENT-ASSETS> | 4,894 |
| <PP&E> | 2,505 |
| <DEPRECIATION> | 2,167 |
| <TOTAL-ASSETS> | 5,617 |
| <CURRENT-LIABILITIES> | 2,448 |
| <BONDS> | 0 |
| <COMMON> | 22 |
| <PREFERRED-MANDATORY> | 0 |
| <PREFERRED> | 0 |
| <OTHER-SE> | 2,725 |
| <TOTAL-LIABILITY-AND-EQUITY> | 5,617 |
| <SALES> | 0 |
| <TOTAL-REVENUES> | 4,997 |
| <CGS> | 0 |
| <TOTAL-COSTS> | 3,635 |
| <OTHER-EXPENSES> | 0 |
| <LOSS-PROVISION> | 0 |
| <INTEREST-EXPENSE> | 0 |
| <INCOME-PRETAX> | 514 |
| <INCOME-TAX> | 200 |
| <INCOME-CONTINUING> | 314 |
| <DISCONTINUED> | 0 |
| <EXTRAORDINARY> | 0 |
| <CHANGES> | 0 |
| <NET-INCOME> | 314 |
| <EPS-PRIMARY> | 0.14 |
| <EPS-DILUTED> | 0.14 |

</TABLE>

Exhibit 3

BY LAWS

OF

GENERAL EMPLOYMENT ENTERPRISES, INC.

ARTICLE I

OFFICES

The principal office of the corporation in the State of Illinois shall be located in Oakbrook Terrace and 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 president, by the board of directors or by the holders of not less than one-fifth of all the outstanding shares of the corporation.

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. A waiver of notice signed by all shareholders may designate any place, either within or without the State of Illinois, as the place for the holding of such meeting. 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, except as otherwise provided in Section 5 of this article.

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 nor more than sixty days before the date of the meeting, or in the case of a merger or consolidation, not less than twenty nor more than sixty days before the meeting, either personally or by mail, by or at the direction of 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. MEETING OF ALL SHAREHOLDERS. If all of the shareholders shall meet at any time and place, either within or without the State of Illinois, and consent to the holding of a meeting at such time and place, such meeting shall be valid without call or notice, and at such meeting any corporate action may be taken.

SECTION 6. CLOSING OF TRANSFER BOOKS OR 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 days and, for a meeting of shareholders, not less than ten days, or in the case of a merger or consolidation, not less than twenty 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 7. VOTING LISTS. The officer or agent having charge of the transfer books for shares of the corporation shall make, at least ten 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 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 8. 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 9. 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 10. VOTING OF SHARES. Subject to the provisions of Section 12 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 11. 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 12. 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 13. 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 14. 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 15. 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 16. 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 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 not later than (a) with respect to an election to be held at an annual meeting of shareholders, 60 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, 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 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.

Notwithstanding the foregoing, such written notice of intent to nominate must be received by the secretary of the corporation not later than December 20, 1991 with respect to nominations for the 1992 annual meeting.

SECTION 17. 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 17. 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 30 days nor more than 60 days prior to the meeting; provided, however, that in the event that less than 40 days' notice or prior public disclosure of the date of the meeting is given or made to shareholders, notice by the shareholder to be timely must be received not later than the close of business on the 10th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. 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 17. 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 17, 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 seven. 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 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 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 3 days previous thereto by written notice delivered personally or mailed to each director at his business address, or by telegram. If mailed, such notice shall be deemed to be delivered when deposited in the United States mail so addressed, with postage thereon prepaid. If notice be given by telegram, such notice shall be deemed to be delivered when the telegram is delivered to the telegraph company. 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, of attendance at each meeting of the board.

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 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. EXECUTIVE COMMITTEE. The executive committee of the board of directors shall consist of three (3) members plus one alternate member, to serve in the absence of the committee chairman, to be appointed by the chairman of the board, and said committee shall be authorized to act upon all matters requiring board approval except the declaration of dividends, corporate reorganization, and merger and acquisition decisions.

ARTICLE IV

OFFICERS

SECTION 1. NUMBER. The officers of the corporation shall be a president, an executive vice president, one or more vice-presidents (the number thereof to be determined by the board of directors), a treasurer, and a secretary, and such assistant treasurers, assistant secretaries or other officers as may be elected or appointed 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 conveniently may be. 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 chairman of the board. The chairman of the board shall preside at all meetings of the board of directors and shall perform such other duties as may be prescribed by the board of directors.

SECTION 6. PRESIDENT. The president shall be the principal executive officer of the corporation and shall in general supervise and control all of the business and affairs of the corporation. He shall preside at all meetings of the shareholders. He may sign, with the secretary or any other proper officer of the corporation thereunto authorized by the board of directors, certificates for shares of the corporation, any deeds, mortgages, bonds, contracts, or other instruments which the board of directors has authorized to be executed, except in cases where the 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; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the board of directors from time to time.

SECTION 7. THE EXECUTIVE VICE PRESIDENT. In the absence of the president or in the event of his inability or refusal to act, the executive vice president 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. The executive 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 or by the board of directors.

SECTION 8. THE VICE-PRESIDENTS. In the absence of the president or executive vice president 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 or by the board of directors.

SECTION 9. UNIT VICE PRESIDENTS. From time to time the president may appoint unit vice-presidents who, as such, shall not be corporate officers, for such terms of office as the president may determine. Such unit vice-presidents shall have such duties and receive such salaries as the president may from time to time authorize. In addition, the president shall have the right to set forth areas of responsibility and vary the exact titles, such as divisional vice-president, regional vice-president, area vice-president or group vice-president.

SECTION 10. THE TREASURER. If required by the board of directors, the treasurer shall give a bond for the faithful discharge of his duties in such sum and with such surety or sureties as the board of directors shall determine. He shall: (a) have charge and custody of and be responsible for all funds and securities of the corporation; receive and give receipts for moneys in the name of the corporation in such banks, trust companies or other depositories as shall be selected in accordance with the provisions of Article V of these by-laws; (b) in general, perform all the duties incident to the office of treasurer and such other duties as from time to time may be assigned to him by the president, the executive vice president or by the board of directors.

SECTION 11. THE 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 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 to him by the 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 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. SALARIES. The salaries of the officers shall be fixed from time to time by the board of directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the corporation.

ARTICLE V

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.

ARTICLE VI

CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 1. CERTIFICATES FOR 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 the president or a vice-president and by the secretary or an assistant secretary and shall be sealed with the seal of the corporation. In lieu of the actual signature of any of said officers, a facsimile signature may be used. All certificates for shares shall be consecutively numbered or otherwise identified. The name of the person to whom the shares represented thereby are issued, with the number of shares and date of issue, shall be entered on the books of the corporation. All certificates surrendered to the corporation for transfer shall be cancelled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and cancelled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued therefor upon such terms and indemnity to the corporation as the board of directors may prescribe.

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.

ARTICLE VII

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 VII 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 VII 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 VII and who are or were employees or agents of the 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 VII 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 VIII

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 IX

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 X

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 XI

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.

ARTICLE XII

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.

As amended November 21, 1995

Exhibit 10

RESOLUTION OF THE BOARD OF DIRECTORS
ADOPTED NOVEMBER 21, 1995

RESOLVED, that the Company establish a Senior Executive Bonus Pool for fiscal 1996 payable to Herbert F. Imhoff, the Company's Chairman of the Board and CEO, and to Herbert F. Imhoff, Jr., the Company's Executive Vice President, with the total sum of the pool to be divided between the two executives, in proportion to each executive's salary.

The Executive Bonus Pool will be equal to an aggregate amount based upon the following contingency formula:

No executive bonus will be earned unless the Company's consolidated pretax earnings exceed \$1,000,000.

If consolidated pretax earnings exceed \$1,000,000 but are less than \$1,500,000, a bonus equal to 20% of the Company's pretax earnings which exceed \$1,000,000 will be added to the Executive Bonus Pool.

If consolidated pretax earnings exceed \$1,500,000, a bonus equal to 25% the Company's pretax earnings which exceed \$1,000,000 will be added to the Executive Bonus Pool.

The contingency terms of this Executive Bonus Pool formula merely establish the year-end bonus percentage rate and are not cumulative.