UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-KSB

[X] Annual Report Under Section 13 or 15 (d) of the Securities Exchange Act of 1934 [No Fee Required]

For the fiscal year ended September 30, 1997

[ ] Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [No Fee Required]

For the transition period from _______________ to ________________

Commission File Number: 1-5707

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

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

One Tower Lane, Suite 2100, Oakbrook Terrace, 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	Names of each exchange on which registered
Common Stock, no par value	American Stock Exchange

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

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, and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

Check if disclosure of delinquent filers in response to Item 405 of Regulation S-B is not 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. [X]

The issuer's revenues for the most recent fiscal year were $29,341,000.

The aggregate market value of the voting stock held by non-affiliates of the registrant as of November 3, 1997 was $37,340,000. At that date, there were 3,987,359 shares of Common Stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the General Employment Enterprises, Inc. Proxy Statement for the 1998 annual meeting of shareholders are incorporated by reference into Part III of this Form 10-KSB.

Transitional small business disclosure format: Yes ___ No X

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. The Company operated its employment offices as separate subsidiary corporations and maintained their separate identities until 1985, when the subsidiaries were merged into the parent corporation. In 1987 the Company established Triad Personnel Services, Inc., a wholly-owned subsidiary, incorporated in the State of Illinois. The principal executive office of the Company is located at One Tower Lane, Suite 2100, Oakbrook Terrace, Illinois.

Services Provided

The Company provides professional staffing services in the areas of information technology, engineering and accounting.

The Company's placement services division places employment candidates into regular, full-time jobs with client-employers. The Company charges a fee for successful placements that is based on a percentage of the applicant's projected annual salary.

The Company's contract services division places 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. Fees for these services are billed on an hourly basis.

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 regular full-time staffing, temporary staffing and a "try before you buy" approach to hiring. In fiscal 1997, the Company derived 70% of its revenues from placement services and 30% from contract services.

Marketing and Recruiting

The Company markets its services using the trade names General Employment, Omni One, Business Management Personnel and Triad Personnel Services. As of September 30, 1997, it operated 38 branch offices located in downtown or suburban areas of major U.S. cities. Thirty-four of the offices are full-service branches, providing both placement and contract services, and four of the offices specialize in contract services only. The offices were concentrated in California (10), Illinois (8), Texas (4) and Arizona (3), with two offices each in Massachusetts, Pennsylvania and Indiana and one office each in Florida, Georgia, Michigan, New York, North Carolina, Tennessee and Ohio.

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

Prospective employment candidates are recruited through telephone contact by the Company's employment consultants and through newspaper advertising. The Company uses a proprietary computer program to assist with tracking applicants and matching them with job openings. The Company screens and interviews all applicants who are presented to its clients.

No single client accounts for more than 2% of the Company's revenues.

Competition

The placement staffing industry is characterized by a large number of highly competitive sole-proprietorship operations. The contract staffing industry is highly competitive and consists of local, regional and national competitors.

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

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

Regulation

Employment agency service companies are regulated by two of the states in which the Company operates. Licenses are issued on a year-to-year basis. As of September 30, 1997, the Company held current licenses for all of the offices that were required to have them.

Employees

As of September 30, 1997, the Company had approximately 290 regular employees and 170 contract service employees.

Item 2. Description of Properties

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

The Company's staffing offices are located in downtown metropolitan and suburban business centers in 14 states. Generally, the Company enters into six-month leases for new locations, using shared office facilities whenever possible. Established offices are operated from leased space ranging from 1,000 to 2,000 square feet, generally for periods of one to five years, with cancellation clauses after certain periods of occupancy. Management believes that existing facilities are adequate for the Company's current needs and that suitable lease space will be available to accommodate the Company's expansion plans in the foreseeable future.

The Company owns most of the furniture, computers and office equipment at its headquarters and branch offices. All of it is considered to be in good condition, except that furniture in the branch offices is old and considered to be in poor condition. All property is adequately covered by insurance.

Additional lease information is set forth in "Lease Obligations" in the notes to consolidated financial statements.

Item 3. Legal Proceedings

As of September 30, 1997, there were no material legal proceedings pending against the Company.

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

No matters were submitted to a vote of security holders during
the fourth quarter of the 1997 fiscal year.

PART II

Item 5. Market for Common Equity and Related Stockholder Matters

Information regarding this item is contained in the Company's financial statements presented in this report.

Item 6. Management's Discussion and Analysis of Financial Condition and Results of Operations

Corporate Strategies and Economic Factors
The Company provides placement and contract staffing services for business and industry, specializing in the placement of professional information technology, engineering and accounting personnel. For the year ended September 30, 1997, the Company derived 70% of its revenues from placement services and 30% of its revenues from contract services. As of September 30, 1997, the Company operated 38 offices located in major metropolitan and business centers in 14 states.

The demand for the Company's services has been strong in recent years. For the three fiscal years ended September 30, 1997, the Company's average annual rate of revenue growth was 27%. Management believes that this growth is attributable to three factors. First, the Company specializes in the fast-growing information technology field. Second, the Company's services fill a growing need in the workplace for contract temporary staffing. And third, the Company offers its clients the alternative of either temporary or full-time staffing assistance.

The Company's business is affected by the U.S. economy and national hiring levels. The last two years were characterized by relatively low, but stable, economic growth and historically low levels of unemployment. These economic conditions have contributed to the growing demand for the Company's services.

Management expects the Company's revenue growth trend to continue in the foreseeable future, based on the expectation that U.S. economic conditions will remain favorable and the demand for information technology staffing services will remain high. To accommodate the growing demand for its services, the Company opened six new branch offices during fiscal 1996 and nine additional offices during fiscal 1997. The Company plans to open another 12 new branch offices during fiscal 1998 and 16 new branch offices during fiscal 1999. Generally, the Company enters into short-term leases for new locations, initially using shared office facilities whenever possible; this approach minimizes costs during the start-up period.

Fiscal 1997 Results of Operations
Fiscal 1997 was a record year for the Company, establishing all-time highs for net revenues and net income. For the year ended September 30, 1997, consolidated revenues were $29,341,000, up $6,100,000 (26%) from last year's $23,241,000. Placement service revenues increased $4,185,000 (26%), due to a 5% increase in the number of placements and a 21% higher average placement fee. Contract service revenues increased $1,915,000 (28%) primarily due to an 11% increase in billable hours and a 15% higher average hourly billing rate. The higher revenues in 1997 are due to a combination of greater productivity in established offices and the opening of fifteen new offices during the last two years.

The consolidated cost of services for the year ended September 30, 1997 was $21,382,000, up $4,665,000 (28%) from $16,717,000 in 1996. Branch manager and consultant compensation increased 28%, and the payroll for contract service workers increased 28%, as a result of the higher volume of business this year. Occupancy costs for the year increased 26%, reflecting the opening of new offices and the effects of a $144,000 nonrecurring gain in fiscal 1996 that resulted from the negotiation of a new corporate headquarters office lease. Recruitment advertising expenses increased 26% and other operating costs increased 32%. As a result, the cost of services as a percent of service revenues increased 1.0 point, from 71.9% last year to 72.9% this year.

General and administrative expenses for the year ended September 30, 1997 were $4,179,000, which was a $194,000 (5%) increase from $3,985,000 in 1996. Administrative compensation decreased 5%, while all other general and administrative expenses were up 24% for the period.

Interest income was $281,000 for the year, compared with $172,000 last year. The $109,000 (63%) increase was due to higher investable funds.

The Company had pretax income of $4,061,000 for the year, which was an increase of $1,350,000 (50%) from $2,711,000 last year. Pretax income as a percent of consolidated net revenues increased to 13.8% in 1997 from 11.7% in 1996.

Net income was $2,441,000, or $ .60 per share, for the year ended September 30, 1997, which was an $800,000 (49%) improvement compared with net income of $1,641,000, or $.42 per share, last year.

Fiscal 1996 Results of Operations

For the year ended September 30, 1996, consolidated revenues were $23,241,000, up $6,497,000 (39%) from $16,744,000 in 1995. Placement service revenues increased $4,721,000 (41%), due to an 18% increase in the number of placements and a 17% higher average placement fee. Contract service revenues increased $1,776,000 (35%) primarily due to a 20% increase in billable hours and a 7% higher average hourly billing rate. The higher volume of business in 1996 was due to a combination of greater productivity in established offices and the opening of six new offices during the year.

The consolidated cost of services for the year ended September 30, 1996 was $16,717,000, up $4,065,000 (32%) from $12,652,000 in 1995. Branch manager and consultant compensation increased 41%, and the payroll for contract service workers increased 26%, as a result of the higher volume of business. Payroll taxes and benefits increased 25%, and recruitment advertising expenses increased 50%. All other operating costs increased by 10%, which is net of a nonrecurring gain of $144,000 that resulted from the negotiation of a new corporate headquarters office lease during fiscal 1996. As a result, the cost of services as a percent of service revenues decreased 3.7 points, from 75.6% in 1995 to 71.9% in 1996.

General and administrative expenses for the year ended September 30, 1996 were $3,985,000, which was a $1,030,000 (35%) increase from 1995. Administrative compensation increased 43%; travel and personnel costs increased 44%; and all other general and administrative expenses were up 3% for the period.

Interest income was $172,000 for the year, compared with $81,000 the prior year. The $91,000 (112%) increase was due to higher investable funds.

Because of the improved profit margins, the Company's pretax income increased by $1,493,000 (123%) for the year, from $1,218,000 in 1995 to $2,711,000 in 1996.

There was a $1,070,000 provision for income taxes in fiscal 1996, compared with a $150,000 provision for income taxes in fiscal 1995. The effective income tax rate for 1995 differed from the statutory rate because of the reversal of a previously-recorded deferred income tax valuation allowance.

Net income was $1,641,000, or $ .42 per share, for the year ended September 30, 1996, a $573,000 (54%) improvement compared with net income of $1,068,000, or $ .28 per share, the prior year.

Financial Condition

During the year ended September 30, 1997, the Company's cash and short-term investments increased by $1,683,000 to a balance of $7,747,000. Net income provided $2,441,000 during the year, and an increase in accrued payroll liabilities provided $429,000. However, an increase in accounts receivable required $666,000. As a result, the net cash provided by operating activities was $2,315,000. During the year, the Company used $387,000 for the acquisition of property and equipment, and $159,000 for the payment of a cash dividend.

The Company's net working capital was $6,418,000 as of September 30, 1997, compared with $4,410,000 at September 30, 1996, and shareholders' equity was $7,149,000 at September 30, 1997, compared with $4,806,000 last September.

To accommodate expansion plans and to upgrade existing facilities, the Company plans to spend approximately $400,000 per year over the next two years for the acquisition of computer equipment and office furniture and equipment. However, as of September 30, 1997, there were no contractual commitments to do so. All of its facilities are leased, and information about future minimum lease payments is presented in the notes to consolidated financial statements.

As of September 30, 1997, 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 anticipated operating needs.

Item 7. Financial Statements

The Company's financial statements are presented in this report.

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

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

PART III

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

Information concerning directors of the registrant is set forth in the registrant's Proxy Statement for the annual meeting of shareholders under the caption "Election of Directors" and is incorporated herein by reference.

The executive officers and key employees of the Company, and their ages as of September 30, 1997, are as follows:

Name	Age	Position
Herbert F. Imhoff	71	Chairman of the Board and Chief Executive Officer
Gregory Chrisos	41	Vice President - Triad Personnel Services, Inc.
Nancy C. Frohnmaier	53	Vice President and Corporate Secretary
Herbert F. Imhoff, Jr.	47	President and Chief Operating Officer
Marilyn L. White	47	Vice President, Permanent Placement Operations
Kent M. Yauch	50	Chief Financial Officer and Treasurer

Herbert F. Imhoff has been Chairman of the Board since 1968 and was named Chief Executive Officer in February of 1997. He served as President from 1964 until 1997. Gregory Chrisos was named Vice President of Triad in October 1996 and prior to that served as branch manager of the Company's Woburn, Massachusetts office since 1990. Nancy C. Frohnmaier has been Vice President since February 1995 and Corporate Secretary since 1985. Herbert F. Imhoff, Jr. was named President and Chief Operating Officer in February of 1997 and had previously been Executive Vice President since 1986. He also has served as the Company's general counsel since 1982. Marilyn L. White was elected Vice President in August of 1996; prior to that she served in numerous management capacities, including General Manager of the Company's placement services division. Kent M. Yauch has been Treasurer of the Company since 1991 and was named Chief Financial Officer in August of 1996.

Herbert F. Imhoff, Jr. is the son of Herbert F. Imhoff.

Information concerning compliance with Section 16(a) of the Exchange Act is set forth in the registrant's Proxy Statement for the annual meeting of shareholders under the caption "Compliance with Section 16(a) of the Exchange Act" and is incorporated herein by reference.

Item 10. Executive Compensation

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

Item 11. Security Ownership of Certain Beneficial Owners and Management

Information concerning security ownership of certain beneficial owners and management is set forth in the registrant's Proxy Statement for the annual meeting of shareholders under the caption "Security Ownership of Certain Beneficial Owners and Management" and is incorporated herein by reference.

Item 12. Certain Relationships and Related Transactions

There have been no reportable transactions during the last two fiscal years.

PART IV

Item 13. Exhibits and Reports on Form 8-K

Reference is made to "Exhibit Index" for a list of exhibits filed as a part of this report.

There were no reports filed on Form 8-K during the quarter ended September 30, 1997.

REPORT OF INDEPENDENT AUDITORS

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

We have audited the accompanying consolidated balance sheets of General Employment Enterprises, Inc. and subsidiary as of September 30, 1997 and 1996, and the related consolidated statements of income and cash flows for each of the three years in the period ended September 30, 1997. 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 generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of General Employment Enterprises, Inc. and subsidiary at September 30, 1997 and 1996, and the consolidated results of their operations and their cash flows for each of the three years in the period ended September 30, 1997, in conformity with generally accepted accounting principles.

/s/ Ernst & Young LLP

November 7, 1997

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED BALANCE SHEET

	As of September 30	
(In Thousands)	1997	1996
ASSETS		
Current assets:		
Cash and short-term investments	$ 7,747	$6,064
Accounts receivable, less allowances (1997--$466;1996--$341)	3,412	2,746
Total current assets	11,159	8,810
Property and equipment:		
Furniture, fixtures and equipment	2,911	2,588
Accumulated depreciation	(2,325)	(2,227)
Net property and equipment	586	361
Deferred income taxes	234	179
Other assets	344	231
Total assets	$12,323	$9,581
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 467	$ 386
Accrued compensation and payroll taxes	3,939	3,510
Accrued income taxes	255	401
Other current liabilities	80	103
Total current liabilities	4,741	4,400
Long-term obligations	433	375
Shareholders' equity:		
Common stock, no-par value; authorized -- 20,000 shares; issued and outstanding -- 3,987 shares in 1997 and 2,652 shares in 1996	40	27
Capital in excess of stated value of shares	4,280	4,228
Retained earnings	2,829	551
Total shareholders' equity	7,149	4,806

Total liabilities and shareholders' equity	$12,323	$9,581

See notes to consolidated financial statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENT OF INCOME

(In Thousands, Except Per Share)	Year Ended September 30 1997	1996	1995
Net revenues:			
Placement services	$20,524	$16,339	$11,618
Contract services	8,817	6,902	5,126
Net revenues	29,341	23,241	16,744
Cost of services	21,382	16,717	12,652
General and administrative expenses	4,179	3,985	2,955
Income from operations	3,780	2,539	1,137
Interest income	281	172	81
Income before income taxes	4,061	2,711	1,218
Provision for income taxes	1,620	1,070	150
Net income	$ 2,441	$ 1,641	$ 1,068
Net income per share	$ .60	$ .42	$ .28
Average number of shares	4,040	3,893	3,818

See notes to consolidated financial statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
CONSOLIDATED STATEMENT OF CASH FLOWS

(In Thousands)	Year Ended September 30 1997	1996	1995
Operating activities:			
Net income	$2,441	$1,641	$1,068
Depreciation expense	194	141	162
Deferred income taxes	(55)	80	(245)
Deferred rent and other items	60	(64)	(109)
Changes in current assets and current liabilities -			
Accounts receivable	(666)	(886)	(148)
Accrued compensation and payroll taxes	429	1,341	390
Accrued income taxes	(146)	174	190
Other current liabilities	58	46	(78)
Net cash provided by operating activities	2,315	2,473	1,230
Investing activities:			
Increase in short-term investments	(4,059)	(500)	--
Acquisition of property and equipment	(387)	(160)	(122)
Other, net	(151)	(103)	(51)
Net cash used by investing activities	(4,597)	(763)	(173)
Financing activities:			
Exercises of stock options	65	739	325
Cash dividend declared	(159)	(110)	--
Net cash provided (used) by financing activities	(94)	629	325
Increase (decrease)in cash and cash equivalents	(2,376)	2,339	1,382
Cash and cash equivalents at beginning			

	1997	1996	1995
of year	5,564	3,225	1,843
Cash and cash equivalents at end of year	3,188	5,564	3,225
Short-term investments at end of year	4,559	500	--
Cash and short-term investments	$7,747	$6,064	$3,225

See notes to consolidated financial statements.

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

	Year Ended September 30		
(In Thousands)	1997	1996	1995
Common shares outstanding:			
Number at beginning of year	2,652	2,196	1,830
Stock dividend declared	1,329	346	286
Exercises of stock options	6	110	80
Number at end of year	3,987	2,652	2,196
Common stock:			
Balance at beginning of year	$ 27	$ 22	$ 18
Stock dividend declared	13	4	3
Exercises of stock options	--	1	1
Balance at end of year	$ 40	$ 27	$ 22
Capital in excess of stated value:			
Balance at beginning of year	$4,228	$3,494	$3,173
Stock dividend declared	(13)	(4)	(3)
Exercises of stock options	65	738	324
Balance at end of year	$4,280	$4,228	$3,494
Retained earnings (accumulated deficit):			
Balance at beginning of year	$ 551	$(973)	$(2,038)
Net income	2,441	1,641	1,068
Cash dividend declared	(159)	(110)	--
Stock dividend declared	(4)	(7)	(3)
Balance at end of year	$2,829	$ 551	$ (973)

See notes to consolidated financial statements.

GENERAL EMPLOYMENT ENTERPRISES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Company

General Employment Enterprises, Inc. (the "Company") and its wholly-owned subsidiary, Triad Personnel Services, Inc., are engaged in providing staffing services through a network of branch offices located in major metropolitan areas throughout the United States. The Company's services include placing individuals with client-employers on either a regular or contract basis.

Significant Accounting Policies

Principles of Consolidation

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

Estimates and Assumptions

Preparing financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported. Management believes that its estimates are reasonable and proper, however, actual results could ultimately differ from those estimates.

Revenues from Services

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

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 will be in effect when the differences are expected to reverse.

Net Income Per Share

Net income per share is based on the average number of common shares and dilutive stock option shares outstanding.

Beginning in the calendar year 1998, the Company will be required to report earnings per common share and diluted earnings per share in accordance with Statement of Financial Accounting Standards No. 128, "Earnings per Share." Under the new pronouncement, earnings per share would have been as follows:

	1997	1996	1995
Earnings per common share	$ .61	$ .43	$ .29
Diluted earnings per share	$ .60	$ .42	$ .28

Cash and Short-term Investments

Highly liquid investments with a maturity of three months or less when purchased are considered to be cash equivalents. The Company classifies its cash equivalents and short-term investments as held-to-maturity securities, which are recorded at amortized cost.

Property and Equipment

Furniture, fixtures and equipment are stated at cost. The Company provides for depreciation on a straight-line basis over estimated useful lives of three to ten years.

Deferred Rent

Under the terms of certain office leases, the Company makes no rent payments or reduced rent payments during the initial portion of the lease periods. In these cases, the Company recognizes rent expense ratably over the life of the lease, and the excess of rent expense over rent payments during these initial periods is recorded as a liability on the balance sheet.

Stock Options

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

Cash and Short-term Investments

The Company's primary objective for its investment portfolio is to provide maximum protection of principal and high liquidity. By investing in high-quality securities having relatively short maturity periods, the Company reduces its exposure to the risks associated with interest rate fluctuations. Investments in securities of corporate issuers are rated A2 and P2 or better. A summary of cash and short-term investments as of September 30 is as follows:

(In Thousands)	1997	1996
Cash	$ 596	$ 664
Certificates of deposit	2,100	500
U.S. federal agency notes	2,000	3,000
Commercial paper	2,470	1,400
Corporate notes	581	500
Total cash and short-term investments	$7,747	$6,064

As of September 30, 1997, all short-term investments had maturities of one year or less. Unrealized gains and losses were not significant.

Income Taxes

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

(In Thousands)	1997	1996	1995
Current tax provision	$1,675	$ 990	$ 395
Deferred taxes related to:			
Temporary differences	(63)	87	89
Loss carryforwards	8	4	34
Valuation allowance	--	(11)	(368)
Deferred tax provision (credit)	(55)	80	(245)
Provision for income taxes	$1,620	$1,070	$ 150

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)	1997	1996	1995
Income tax at statutory federal tax rate	$1,381	$ 922	$ 414
State income taxes, less federal benefit	205	125	--
Reduction of valuation allowance related to federal tax	--	--	(272)
Other	34	23	8
Provision for income taxes	$1,620	$1,070	$ 150

The net asset balance of deferred income taxes as of September 30 related to the following temporary differences:

(In Thousands)	1997	1996
Retirement benefits	$ 138	$ 134
Accrued vacation	92	69
Other	4	(24)
Deferred income taxes	$ 234	$ 179

The Company made income tax payments of $1,795,000 in 1997, $431,000 in 1996 and $32,000 in 1995.

The income tax benefit resulting from exercises of stock options reduced income taxes payable and increased shareholders' equity by $26,000 in 1997, $385,000 in 1996 and $168,000 in 1995.

Line of Credit

The Company has a loan agreement with a bank, renewable annually, that makes a $1,000,000 line of credit available to the Company for working capital purposes. Under the terms of the agreement, borrowings would be secured by accounts receivable and would bear interest at the prime rate. There were no borrowings outstanding under the line of credit as of September 30, 1997 and 1996.

Lease Obligations

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

In February 1996, the Company entered into a new, 10-year lease agreement covering its corporate headquarters office space. The previous lease was scheduled to expire in November 1997. As a result, the Company wrote off a deferred rent liability associated with the previous lease and recorded a $144,000 credit to rent expense.

Rent expense was $1,247,000 in 1997, $933,000 in 1996, and $1,028,000 in 1995.
As of September 30, 1997, future minimum lease payments (including deferred rent payments) under lease agreements having initial terms in excess of one year were: 1998 - $1,075,000, 1999 - - $902,000, 2000 - $754,000, 2001 - $518,000, 2002 - $487,000 and beyond 2002 - $1,459,000.

Retirement Benefits

The Company has a 401(k) retirement plan in which all full-time employees may participate after one year of service. Under the plan, eligible participants may contribute a portion of their earnings to a trust, and the Company makes matching contributions, subject to certain limitations. The Company also has agreements with an officer and a retiree to provide defined benefits at the individual's retirement, death, or termination.
The Company's accumulated obligation under these defined benefit arrangements was $410,000 as of September 30, 1997 and $419,000 as of September 30, 1996, all of which was vested. These benefits are unfunded, and the Company has recorded a liability for the present value of the obligations at a discount rate of 7.25%. The total cost of both retirement plans was $101,000 in 1997, $84,000 in 1996, and $43,000 in 1995.

Preferred Stock

As of September 30, 1997 there were 100,000 shares of preferred stock authorized, including 50,000 shares that were designated as Series A Junior Participating Preferred Stock. The Series A shares are reserved for issuance pursuant to the Company's share purchase rights plan. None of the preferred shares have been issued.

Common Stock

The Company declared a 3-for-2 stock split payable on October 31, 1997 and 15% stock dividends payable on November 1, 1996 and November 3, 1995. All per-share amounts have been restated to reflect these actions.

The Company declared special cash dividends of $0.04 per common share on November 18, 1996 and $0.03 per common share on November 21, 1995.

Stock Options

Under the Company's 1997 Stock Option Plan, 375,000 shares of common stock were authorized for issuance. Each existing and future non-employee member of the Board of Directors was automatically granted a nonstatutory option to purchase 22,500 shares. The Stock Option Committee of the Board of Directors has the authority to grant incentive or nonstatutory options to officers and employees of the Company. The option prices, vesting conditions and exercise periods (up to ten years) are to be determined by the Committee at the date of grant.

A summary of stock options is as follows:

(In Thousands, Except Per Share)	1997	1996	1995
Number of shares outstanding:			
Beginning of year	59	176	315
Granted	356	73	20
Exercised	(10)	(190)	(159)
End of year	405	59	176
Number of shares exercisable at end of year	264	39	156
Number of shares available for grant at end of year	124	105	178
Weighted average option prices per share:			
Granted during the year	$7.68	$3.97	$3.03
Exercised during the year	3.97	1.85	.99
Outstanding at end of year	7.03	2.59	1.22
Exercisable at end of year	6.47	1.89	.99

As of September 30, 1997, there were outstanding options on 49,000 shares at exercise prices ranging from $0.99 per share to $3.97 per share having a weighted average exercise price of $2.32 per share and a weighted average remaining contractual life of six years, 29,000 of which were exercisable, and there were outstanding options on 356,000 shares at exercise prices ranging from $7.08 per share to $11.75 per share having a weighted average exercise price of $7.68 per share and a weighted average remaining contractual life of nine years, 235,000 of which were exercisable.

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

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

	1997	1996
Weighted average estimated fair value per share of stock options granted	$3.47	$2.17
Expected option life (years)	3.25	3.40
Stock price volatility factor	.62	.60
Risk-free interest rate	5.9%	5.9%
Dividend yield	0.5%	--

Assuming that stock options granted during 1997 and 1996 were valued using these assumptions and the values were reflected as compensation expense over their vesting periods, the Company's pro forma net income would have been $1,866,000 ($0.48 per share) in 1997 and $1,571,000 ($0.41 per share) in 1996. These pro forma effects are not indicative of future periods.

Share Purchase Rights Plan

The Company adopted a share purchase rights plan in 1990 and declared a dividend of one Preferred Share Purchase Right ("Right") on each outstanding common share. Each Right may be exercised to purchase one one-hundredth of a share of Series A Junior Participating Preferred Stock (the economic equivalent of one common share) at an exercise price of $12 (which may be adjusted under certain circumstances). The Rights become exercisable (and separate from the common shares) when specified events occur, including the acquisition after December 31, 1989 of 5% or more of the outstanding common shares by a person or group ("Acquiring Person") that then owns 10% or more of the outstanding common shares. Upon the occurrence of such an acquisition (other than pursuant to a tender offer for all of the outstanding common shares at a price and on other terms deemed fair and in the best interests of the Company and its shareholders by a majority of the continuing directors) or if the Company is acquired in a merger or other business combination transaction, each Right will entitle the holder (other than an Acquiring Person) to purchase at the current exercise price, stock of the Company or the acquiring company having a market value of twice the exercise price. Each Right is nonvoting, expires on February 22, 2000 and may be redeemed by the Company at a price of $ .01 under certain circumstances.

Employment Contracts

The Company has agreements with two of its officers and a separate plan covering branch managers and key corporate employees that would become effective if the employment of any of these officers or employees should terminate under certain conditions following a change in control of the Company. Under these circumstances, the Company would be obligated to make lump sum payments to the two officers equal to two times their annual salary, to make lump sum payments to covered employees ranging from $20,000 to $50,000, and to provide continued benefits under the Company's welfare plans for two years.

Quarterly Data (Unaudited)

Financial and stock market data for each of the quarters of the Company's last two fiscal years are summarized below:

(In Thousands, Except Per Share)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Fiscal 1997:				
Net revenues	$5,904	$7,326	$7,472	$8,639
Cost of services	4,282	5,202	5,496	6,402
General and administrative expenses	987	1,055	1,012	1,125
Income from operations	635	1,069	964	1,112

Interest income	69	56	70	86
Income before income taxes	704	1,125	1,034	1,198
Provision for income taxes	280	450	415	475
Net income	$ 424	$ 675	$ 619	$ 723
Net income per share	$ .11	$ .17	$ .15	$ .18
Average number of shares	4,016	4,013	4,029	4,107
Market prices per share:				
High	$ 8.92	$ 7.25	$ 8.67	$12.96
Low	5.17	5.83	5.92	7.83
Close	5.83	5.88	7.92	11.75
Fiscal 1996:				
Net revenues	$4,997	$5,804	$6,054	$6,386
Cost of services	3,635	4,116	4,431	4,535
General and administrative expenses	883	1,052	1,042	1,008
Income from operations	479	636	581	843
Interest income	35	30	46	61
Income before income taxes	514	666	627	904
Provision for income taxes	200	265	245	360
Net income	$ 314	$ 401	$ 382	$ 544
Net income per share	$ .08	$ .10	$ .10	$ .14
Average number of shares	3,901	3,935	3,924	4,001
Market prices per share:				
High	$ 3.97	$ 5.33	$10.80	$ 8.04
Low	2.86	2.97	5.07	5.07
Close	3.04	5.14	6.52	7.54

The second quarter of fiscal 1996 includes a $144,000 pretax gain on lease termination.

The Company's common stock is traded on the American Stock Exchange under the trading symbol JOB. There were 1,030 holders of record as of October 17, 1997.

EXHIBIT INDEX

No. Description of Exhibit

3(a) Articles of Incorporation and amendments thereto. Incorporated by reference from Exhibit 3 to the Registrant's Quarterly Report on Form 10-QSB for the quarter ended March 31, 1996, File No. 1-5707.

3(b) By-Laws, as amended September 22, 1997.

10(a)Amended and Restated Defined Benefit Deferred Compensation and Salary Continuation Agreement with Herbert F. Imhoff. Incorporated by reference from Exhibit 10(b) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990, File No. 1-5707.

10(b)Defined Benefit Deferred Compensation and Salary Continuation Agreement with John A. Stephenson. Incorporated by reference from Exhibit 10(g) to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30 1980, File No. 1-5707.

10(c)Employment contract with Herbert F. Imhoff. Incorporated by reference from Exhibit 10(i) to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1981, File No. 1-5707.

10(d)Senior Executive Agreement with Herbert F. Imhoff dated May 22, 1990. Incorporated by reference from Exhibit 10(e) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990, File No. 1-5707.

10(e)Senior Executive Agreement with Herbert F. Imhoff, Jr. dated May 22, 1990. Incorporated by reference from Exhibit 10(f) to the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 1990, File No. 1-5707.

10(f)Key Manager Plan, adopted May 22, 1990. Incorporated by reference from Exhibit 10(h) to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30 1990, File No. 1-5707.

10(g)Rights Agreement with The First National Bank of Chicago as Rights Agent, dated as of February 12, 1990. Incorporated by reference from Exhibit (1) of Registration on Form 8-A dated February 19, 1990.

10(h)Settlement Agreement with Leonard Chavin dated as of September 27, 1991. Incorporated by reference from Exhibit 10(j) to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1991, File No. 1-5707.

10(i)First Amendment to Rights Agreement with The First National Bank of Chicago as Rights Agent, dated as of September 27, 1991. Incorporated by reference from Exhibit 10(k) to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1991, File No. 1-5707.

10(j)Agreement with Sheldon Brottman dated October 3, 1991. Incorporated by reference from Exhibit 10(l) to the Registrant's Annual Report on Form 10-K for the fiscal year ended September 30, 1991, File No. 1-5707.

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

10(l)Agreement with Leonard and Marlene Chavin dated as of October 1, 1993. Incorporated by reference from Exhibit 10(m) to the Registrant's Annual Report on Form 10-KSB for the fiscal year ended September 30,1993, File No. 1-5707.

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

10(n)Resolution of the Board of Directors, adopted November 18, 1996, establishing a Senior Executive Bonus Pool for fiscal 1997. Incorporated by reference from Exhibit 10 of the Registrant's Quarterly Report on Form 10-QSB for the quarter ended December 31, 1996, File No. 1-5707.

10(o)General Employment Enterprises, Inc. 1997 Stock Option Plan. Incorporated by reference from the Registrant's Definitive Proxy Statement filed on Schedule 14A dated January 24, 1997, File No. 1-5707.

23 Consent of Independent Auditors.

27 Financial Data Schedule for the year ended September 30, 1997.

SIGNATURES

In accordance with Section 13 or 15(d) 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: November 17, 1997 By: /s/ Herbert F. Imhoff
Herbert F. Imhoff
Chairman of the Board and
Chief Executive Officer

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 17, 1997 By: /s/ Herbert F. Imhoff
Herbert F. Imhoff
Chairman of the Board and
Chief Executive Officer
Principal executive officer

Date: November 17, 1997 By: /s/ Herbert F. Imhoff, Jr.
Herbert F. Imhoff, Jr.
President and Chief Operating Officer
and Director

Date: November 17, 1997 By: /s/ Kent M. Yauch
Kent M. Yauch
Chief Financial Officer and Treasurer
Principal financial and accounting officer

Date: November 17, 1997 By: /s/ Sheldon Brottman
Sheldon Brottman, Director

Date: November 17, 1997 By: /s/ Leonard Chavin
Leonard Chavin, Director

Date: November 17, 1997 By: /s/ Delain G. Danehey
Delain G. Danehey, Director

Date: November 17, 1997 By: /s/ Walter T. Kerwin, Jr.
Walter T. Kerwin, Jr., Director

Date: November 17, 1997 By: /s/ Howard S. Wilcox
Howard S. Wilcox, Director

Exhibit 23

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 33-91550, No. 33-46124 and No. 333-25129) pertaining to the General Employment Enterprises, Inc. Stock Option Plans of our report dated November 7, 1997, with respect to the consolidated financial statements of General Employment Enterprises, Inc. and subsidiary included in the Annual Report (Form 10-KSB) for the year ended September 30, 1997.

/s/ Ernst & Young LLP

November 18, 1997

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Exhibit 3(b)

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 chairman of the board, 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 chairman of the board, 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.

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 fixed from time to time by resolution of the board of directors but must consist of no less than three members, and a majority of the total number of directors must be non-employees of the corporation. 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 chairman of the board, 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, 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 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 shall consist of the board of directors, as a whole, and meetings of the committee may be called or requested by the chairman of the board, the president, or a majority of the directors. The executive committee shall be authorized to act upon all matters requiring board approval except the declaration of dividends, corporate reorganization, and merger and acquisition decisions. A majority of the number of directors fixed by these By-Laws shall constitute a quorum for transaction of committee business.

ARTICLE IV

OFFICERS

SECTION 1. NUMBER. The officers of the corporation shall be a chairman of the board, the chief executive officer; a president, the chief operating officer; a treasurer, the chief financial officer; a vice president and corporate 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 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 be the chief executive 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 chairman of the board shall preside at all meetings of the shareholders, board of directors and executive committee, and shall be an ex-officio member of all committees of the board of directors. Additionally, the chairman of the board 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 6. PRESIDENT. The board of directors shall elect the president of the corporation who may or may not be one of its own members. 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 chairman of the board and the board of directors. He shall make such reports to the chairman of the board, the board of directors and the shareholders as may be required. In the absence of the chairman of the board, the president shall preside at all meetings of the board of directors, the executive committee and shareholders and shall also be responsible for performing such other duties as the chairman of the board 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 7. THE VICE-PRESIDENTS. In the absence of the president and the chairman of the board, 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 chairman of the board or by the board of directors.

SECTION 8. THE TREASURER. The treasurer shall be the chief financial officer of General Employment Enterprises, Inc. It will be the specific duty and responsibility for the treasurer 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 maintaining strong internal accounting controls, policies, procedures and timely financial reporting required by federal, state and local governmental statutes and regulations governing a public company whose shares are publicly traded. 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 chairman of the board, the president and the board of directors.

SECTION 9 THE VICE PRESIDENT AND CORPORATE SECRETARY. The vice president and corporate 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 chairman of the board, 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 chairman of the board, president or by the board of directors.

SECTION 10. 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 11. OFFICER COMPENSATION. Salaries and bonus plans for the chairman of the board and president will be reviewed and approved annually by the board of directors. All other officer compensation will be reviewed by the chairman of the board and the president on an annual basis.

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 chairman of the board and chief executive officer or the president and chief operating officer 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 canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, 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.