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UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

**FORM 8-K**

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **January 1, 2016**

**GENERAL EMPLOYMENT  
ENTERPRISES, INC**

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(Exact name of registrant as specified in its charter)

<u>Illinois</u> (State or other jurisdiction of incorporation or organization)	<u>1-05707</u> (Commission File Number)	<u>36-6097429</u> (I.R.S. Employer Identification Number)
<u>184 Shuman Blvd., Ste. 420, Naperville, Illinois</u> (Address of principal executive offices)		<u>60563</u> (Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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### Item 1.01 Entry into a Material Definitive Agreement

General Employment Enterprises, Inc. (the "Company") entered into a Stock Purchase Agreement dated as of January 1, 2016 (the "Palladin Agreement") with Enoch S. Timothy and Dorothy Timothy (collectively, the "Sellers"). Pursuant to the terms of the Palladin Agreement the Company acquired on January 1, 2016, 100% of the outstanding stock of Palladin Consulting Inc., a Texas corporation ("Palladin"), for a purchase price (the "Purchase Price") equal to \$1,750,000, minus the Circle Lending Loan Amount (as defined below) plus up to \$1,000,000 in contingent promissory notes, minus the NWC Reduction Amount (as defined below) (if any) plus up to \$1,250,000 of "earnouts".

The consideration shall be paid as follows:

- *Cash Payment to Sellers.* At the closing, the Company paid to the Sellers \$1,750,000 in cash minus the Circle Lending Loan Amount (defined in the Palladin Agreement as the outstanding amount owed by Palladin to Circle Lending, L.P. (or Funding Circle USA, Inc., or Victory Park Capital Advisors, or FC Marketplace, LLC, or an affiliate) ), which the Sellers represented to the Company was \$77,823.37).
- *Contingent Promissory Notes.* Up to an additional \$1,000,000 of the Purchase Price shall subsequently be paid by the Company to the Sellers in the form of contingent Promissory Notes (the "Promissory Notes") if (i) the final determination of the Revenue (as defined in the Palladin Agreement) for the period beginning on January 1, 2016 and ending on December 31, 2016 (the "Earnout Period") exceeds \$15,000,000 and (ii) Adjusted EBITDA (as defined in the Palladin Agreement) for the Earnout Period, exceeds \$500,000. The principal amount of the Promissory Notes is subject to reduction by the NWC Reduction Amount (as defined below).
- *NWC Reduction Amount.* The Sellers have agreed to pay to the Company the amount by which the Net Working Capital of Palladin (defined as Palladin's Current Assets, determined in accordance with GAAP minus Palladin's Current Liabilities, determined in accordance with GAAP) is a negative number. The Purchase Price shall be reduced dollar for dollar for each dollar by which the Net Working Capital is a negative amount (i.e., less than \$0). The amount by which the Net Working Capital is less than \$0 is the "NWC Reduction Amount." The reduction shall first be applied to reduce the \$1,000,000 portion of the Purchase Price that is the Promissory Notes. If the reduction exceeds \$1,000,000, then that excess shall be immediately paid by the Sellers via a wire transfer of the applicable dollar amount to the Company.
- *Earnout Payment.* Up to an additional \$750,000 of the Purchase Price (the "Earnout") will subsequently be paid by the Company to Sellers with respect to the Earnout Period, in accordance with and subject to the terms and conditions in the Palladin Agreement. Any Earnout payment made by the Company, shall, at the option of the Company, be paid (i) in shares of common stock of the Company or (ii) in immediately available funds. Certain "Retention Bonuses" (as defined in the Palladin Agreement) paid to employees of Palladin on or before February 1, 2017, but not exceeding \$275,000 in the aggregate will reduce the Earnout payment.
- *Additional Stock Earnout Payment.* Up to an additional \$500,000 of the Purchase Price (the "Additional Earnout") will subsequently be paid by the Company to Sellers in accordance with and subject to the terms and conditions in the Palladin Agreement. Any such Additional Earnout payment shall be paid in shares of common stock of the Company.
- *Subordinated Deferred Payment Rights.* Notwithstanding the above, the Sellers have agreed that the Earnout Payment and Additional Stock Earnout Payment shall be subordinate and junior in right of payment to any "Senior Indebtedness" (as defined in the Palladin Agreement) now or hereafter existing to "Senior Lenders" (current or future) (as defined in the Palladin Agreement).

The transaction has been unanimously approved by the board of directors of the Company and by the Sellers.

The Company utilized a portion of the proceeds from the private placement of a \$4,185, 000 subordinated promissory note to JAX Legacy – Investment 1, LLC, that it completed on October 2, 2015, to finance the payment of the cash portion of the Purchase Price of Palladin.

Dallas based Palladin is an information technology and professional staffing company. Palladin provides staffing services in the following areas: Information Technology (IT), Accounting and Finance, Engineering, Office Support and Government Services - TS Cleared. Its Workforce Solutions includes the provision of Resource Process Outsourcing (RPO) and expertise in working with Managed Service Providers (MSP) and Vendor Management Systems (VMS) such as Pontoon, Beeline and Fieldglass. Paladin also provides staffing services in several expanding industries including Retail Technology, eCommerce and Healthcare Technology.

The assets acquired primarily consist of accounts receivable, unbilled revenue, deposit, fixed assets and other current assets. In addition, the purchase price of Palladin includes value derived from goodwill, customer contracts and the talented sales and recruiting personnel employed by Palladin.

A copy of the Palladin Agreement is attached hereto as Exhibit 10.1. The description of the Palladin Agreement contained in this Current Report on the Form 8-K is qualified in its entirety by reference to Exhibit 10.1. A copy of the press release announcing the acquisition of Palladin is attached hereto as Exhibit 99.1.

The Company will file with the Securities and Exchange Commission (the "SEC") the financial statements and pro forma financial information required to be filed pursuant to Rule 8-04 of Regulation S-X and Article 11 of Regulation S-X within 71 days after the date on which this Current Report on Form 8-K was required to be filed with the SEC.

#### **Item 2.01 Completion of Acquisition of Disposition of Assets.**

The information contained in Item 1.01 of this Form is hereby incorporated by reference into this Item 2.01.

#### **Item 3.02 Unregistered Sales of Equity Securities.**

The information contained in Item 1.01 of this Form is hereby incorporated by reference into this Item 3.02. The shares of Company common stock issuable to the Sellers as an Earnout Payment or an Additional Stock Earnout Payment will not be registered under the Securities Act of 1933, as amended (the "Act"). Each of the Sellers is an accredited investor. The issuance of the shares of Company common stock to each of the Sellers is exempt from the registration requirements of the Act in reliance on an exemption from registration provided by Section 4(2) of the Act.

#### **Item 9.01 Financial Statements and Exhibits.**

<b>Exhibit No.</b>	<b>Description</b>
4.1	Form of Contingent Promissory Note issuable by General Employment Enterprises, Inc. to Enoch S. Timothy and Dorothy Timothy
10.1	Stock Purchase Agreement dated as of January 1, 2016 by and among General Employment Enterprises, Inc., Enoch S. Timothy and Dorothy Timothy
99.1	Press release issued by General Employment Enterprises, Inc. dated December 31, 2015.

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**GENERAL                      EMPLOYMENT**  
**ENTERPRISES, INC.**

Date: January 4, 2016

By: /s/ Andrew J. Norstrud  
Andrew J. Norstrud  
Chief Financial Officer

**THIS SUBORDINATED NOTE AND ANY DEBT RELATED SECURITIES EVIDENCED HEREBY HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE LAW, AND NO INTEREST THEREIN MAY BE SOLD, DISTRIBUTED, ASSIGNED, OFFERED, PLEDGED OR OTHERWISE TRANSFERRED UNLESS: (i) THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS COVERING ANY SUCH TRANSACTION INVOLVING SAID SECURITIES; (ii) THE MAKER RECEIVES AN OPINION OF LEGAL COUNSEL REASONABLY SATISFACTORY TO THE MAKER STATING THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION; OR (iii) THE MAKER OTHERWISE SATISFIES ITSELF THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION**

**THIS NOTE AND THE INDEBTEDNESS AND OBLIGATIONS EVIDENCED HEREBY ARE SUBORDINATED IN PAYMENT TO THE OBLIGATIONS OF MAKER TO ACF FINCO I LP PURSUANT TO THE TERMS AND PROVISIONS OF A SUBORDINATION AND INTERCREDITOR AGREEMENT DATED [, 201\_\_] BETWEEN ACF FINCO I LP AND ENOCH S. TIMOTHY AND DOROTHY TIMOTHY, THE ORIGINAL HOLDERS OF THIS NOTE**

SUBORDINATED NONNEGOTIABLE PROMISSORY NOTE

\$ [TBD]  
[TBD, 201\_\_]

[Place of Execution]  
[Comment: Outside of Florida]

FOR VALUE RECEIVED, **GENERAL EMPLOYMENT ENTERPRISES, INC.**, an Illinois corporation ("Maker"), promises to pay to **Enoch S. Timothy** and **Dorothy Timothy** ("Payee"), in lawful money of the United States of America, the principal sum of \$[TBD], together with interest in arrears on the unpaid principal balance at an annual rate of 5.5%, in the manner provided below. Interest will be calculated on the basis of a year of 365 or 366 days, as applicable, and charged for the actual number of days elapsed.

This Subordinated Nonnegotiable Promissory Note ("Subordinated Note") has been executed and delivered pursuant to, and is subject to the terms and conditions of, a Stock Purchase Agreement (the "Purchase Agreement") dated **[January, 2016]**, among Maker and Sellers named therein, including Payee, which is, by this reference, incorporated in, and made a part of, this Subordinated Note. Capitalized terms used in this Subordinated Note without definition have the respective meanings given to them in the Purchase Agreement.

1. PAYMENTS

- (a) Interest only will be paid in 36 consecutive monthly payments of \$[TBD] beginning on the thirty first (31st) day after the date of this Subordinated Note (adjusted to be payable on the first Business Day after such date if it falls on a weekend or federal holiday);
- (b) Principal shall be paid in a balloon payment of \$[TBD] on the third (3rd) anniversary of the date of this Subordinated Note;
- (c) All payments of principal and interest on this Subordinated Note will be made by check at 3302 Wilton Woods Court, Colleyville, Texas 76034, or at such other place in the United States of America as Payee may designate to Maker in writing or by wire transfer of immediately available funds to an account as Payee may designate to Maker in writing. If any payment of principal of, or interest on, this Subordinated Note becomes due on a day that is not a Business Day, such payment will be due on the next succeeding Business Day, and such extension of time shall be taken into account in calculating the amount of interest payable under this Subordinated Note.

- (d) Maker may, without premium or penalty paid to Payee, at any time and from time to time, prepay all or any portion of the outstanding principal balance due under this Subordinated Note, provided that each such prepayment is accompanied by accrued interest on the amount of principal prepaid calculated to the date of such prepayment (subject to the rights of Senior Lenders and the restrictions set forth in Paragraph 2 below, as applicable). Any partial prepayments will be applied to installments of principal in inverse order of their maturity.
- (e) Maker may withhold and set off against any amount due on this Subordinated Note, the amount of any claim for indemnification, payment, or reimbursement to which Maker may be entitled arising from the Purchase Agreement, any other agreement entered into pursuant to the Purchase Agreement, or otherwise.

## 2. SUBORDINATION

- (a) Payee by acceptance of this Subordinated Note agrees that the indebtedness evidenced by this Subordinated Note, and any renewals or extensions thereof, shall at all times and in all respects be subordinate and junior in right of payment to any Senior Indebtedness now or hereafter existing. "Senior Indebtedness" shall have the meaning given such term in the Purchase Agreement.

As used in this Subordinated Note, the term 'Senior Lender' shall have the meaning given such term in the Purchase Agreement.

- (b) Notwithstanding anything to the contrary in Paragraph 1 or 3 (or otherwise) of this Subordinated Note, prior to the date on which all Senior Indebtedness is repaid ("Senior Indebtedness Repayment Date"), (i) *if a default or an Event of Default is then existing and continuing on or under any of the Senior Indebtedness* or the provisions of any document evidencing or securing the Senior Indebtedness (called "Senior Loan Documents"), or (ii) if a payment made or to be made by Maker under or towards the obligations under this Subordinated Note (or any related document), including without limitation scheduled, unscheduled, post-acceleration or as an early (pre-) payment, is or would (including with notice or the passage of time) represent or cause a default or Event of Default under the Senior Indebtedness or any document evidencing or securing the Senior Indebtedness, then no payment either of principal or interest (notwithstanding the expressed maturity or any time for the payment of principal or interest on this Subordinated Note) or any other amount due under this Subordinated Note shall be made on this Subordinated Note, and the Payee or any legal holder of this Subordinated Note will take no steps, whether by suit or otherwise, to compel or enforce the collection of this Subordinated Note or to enforce any lien or security interest related right in connection with the Subordinated Note debt obligation (other than and only to the extent necessary to preserve its subordinated lien rights and lien priority in the applicable assets and only so long as that specific enforcement action or activity does not impair the rights of any Senior Lender or its enforcement of its senior debt or represent a default under the terms of any Senior Loan Documents or the other Senior Indebtedness loan documents, and subject to the remaining provisions of this instrument under this Paragraph 2), nor will the Payee or legal holder use this Subordinated Note by way of counterclaim, setoff, recoupment or otherwise so as to diminish, discharge or otherwise satisfy in whole or in part any indebtedness or liability of the Payee or such holder to the Maker, whether now existing or hereafter arising and howsoever evidenced, unless in each case the applicable Senior Lender consents or agrees to same in writing.

- (c) In the event of any insolvency or bankruptcy proceedings, and any receivership, liquidation, reorganization, arrangement or other similar proceedings in connection therewith, relative to the Maker or to its creditors, as such, or to its property, and in the event of any proceedings, for voluntary liquidation, dissolution or other winding-up of the Maker, whether or not involving insolvency or bankruptcy, then the holder of Senior Indebtedness shall be entitled to receive payment in full of all principal, premium and interest on all Senior Indebtedness before the Payee is entitled to receive any payment on account of principal, premium or interest upon this Subordinated Note.
- (d) The Payee and each and every other legal holder of this Subordinated Note by acceptance hereof agrees for the benefit of each holder of Senior Indebtedness (and for the benefit of each Senior Lender of future Senior Indebtedness expressly contemplated within the definitions thereof in this Subordinated Note, upon the written request of Maker (for a prospective lender) or a then current Senior Lender) to promptly execute and deliver a subordination and inter-creditor agreement confirming the subordination of this note to that current or prospective Senior Lender's priority rights in the form and substance as reasonably requested by the applicable current or prospective Senior Lender.
- (e) No present or future holder of Senior Indebtedness shall be prejudiced in his right to enforce subordination of this Subordinated Note by any act or failure to act on the part of the Maker. The provisions of this Subordinated Note are solely for the purpose of defining the relative rights of the holders of Senior Indebtedness on the one hand and the Payee or other legal holder of this Subordinated Note on the other hand and nothing herein shall impair as between the Maker and the Payee or other legal holder of this Subordinated Note the obligation of the Maker, which is unconditional and absolute, to pay to the holder hereof the principal, premium, if any, and interest thereon in accordance with its terms, nor shall anything herein prevent the Payee or other legal holder of this Subordinated Note from exercising all remedies otherwise permitted by applicable law or hereunder upon default hereunder, subject to the rights, if any, under this Subordinated Note of holder of Senior Indebtedness to receive cash, property or securities otherwise payable or deliverable to the Payee or other legal holder of this Subordinated Note.
- (f) Maker agrees, for the benefit of the holders of Senior Indebtedness, that in the event that this Subordinated Note or portion thereof shall become due and payable before its expressed maturity for any reason other than the mere passage of time (a) Maker will give prompt notice in writing of such happening to the holders of Senior Indebtedness and (b) subject to the terms and provisions of the applicable Senior Loan Documents, any and all Senior Indebtedness shall forthwith become immediately due and payable upon demand by the holder thereof, regardless of the expressed maturity thereof.
- (g) The Payee and each and every other legal holder of this Subordinated Note by acceptance hereof shall undertake and agree for the benefit of each holder of Senior Indebtedness (or the benefit of a prospective holder of Senior Indebtedness, upon the written request of Maker or a current Senior Lender) to execute, verify, deliver and file any (a) proofs of claim, consents, assignments or other instruments which the holder of any Senior Indebtedness may at any time require in order to prove and realize upon any rights or claims pertaining to this Subordinated Note and to effectuate the full benefit of the subordination contained herein; and upon failure of the Payee or other legal holder of this Subordinated Note so to do such holder of Senior Indebtedness shall be deemed to be irrevocably appointed the agent and attorney-in-fact of the Payee or other legal holder of this Subordinated Note to execute, verify, deliver and file any such proofs of claim, consents, assignments or other instruments, and (b) any and all subordination agreements and other indicia of subordination.
- (h) Except for (and only to the extent of) amounts paid and received subject to and in accordance and compliance with the terms of this Subordinated Note, as applicable, Payee agrees by acceptance of this Subordinated Note that he shall immediately repay to the Maker any amounts he receives as payment of this Subordinated Note from the Maker so long as any Senior Indebtedness is outstanding.

3. DEFAULTS

- (a) The occurrence of any one or more of the following events with respect to Maker will constitute an event of default under this Subordinated Note ("Event of Default"):
- (i) If Maker fails to pay when due any payment of principal of, or interest on, this Subordinated Note and such failure continues for fifteen (15) days after Payee notifies Maker of such failure to pay in writing; provided, however, that the exercise by Maker in good faith of its right of setoff pursuant to Paragraph 1(d) above, whether or not ultimately determined to be justified, will not constitute an Event of Default.
  - (ii) If, pursuant to or within the meaning of the United States Bankruptcy Code or any other federal or state law relating to insolvency or relief of debtors (a "Bankruptcy Law"), Maker: (A) commences a voluntary case or proceeding; (B) consents to the entry of an order for relief against it in an involuntary case; (C) consents to the appointment of a trustee, receiver, assignee, liquidator, or similar official; (D) makes an assignment for the benefit of its creditors; or (E) admits in writing its inability to pay its debts as they become due.
  - (iii) If a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that: (A) is for relief against Maker in an involuntary case; (B) appoints a trustee, receiver, assignee, liquidator, or similar official for Maker or substantially all of Maker's assets; or (C) orders the liquidation of Maker, and in each case the order or decree is not dismissed within 60 days.
- (b) Upon the occurrence of an Event of Default under Paragraph 3(a)(i) (unless all Events of Default have been cured by Maker or waived by Payee), Payee may, at its option, subject to the provisions of Paragraph 2 above, (i) by written notice to Maker, declare the entire unpaid principal balance of this Subordinated Note, together with all accrued and unpaid interest thereon, immediately due and payable regardless of any prior forbearance, and (ii) exercise any and all rights and remedies available to it under applicable law, including the right to collect from Maker all amounts due under this Subordinated Note. Upon the occurrence of an Event of Default under Paragraph 3(a)(ii) or (iii) of this Subordinated Note, the entire unpaid principal balance of this Subordinated Note, together with all accrued and unpaid interest thereon, will become immediately due and payable, subject to the provisions of Paragraph 2 above.
- (c) Upon the occurrence of an Event of Default, as described under Paragraph 3 of this Subordinated Note, prior to the date on which all Senior Indebtedness is repaid, the Payee may elect (provided the Payee elects to and does duly declare an Event of Default, subject to and in accordance with the terms of this instrument) to receive the (entire) payment of the then remaining principal amount due under this Subordinated Note plus all accrued and previously unpaid interest thereon ("Default Amount for Share Exchange") in the form of common stock shares of the Maker, the number of such shares being based on the un-weighted average closing price or the publicly traded GEE stock (NYSE:JOB) during the twenty (20) trading days preceding the date of date of the Seller's election (the "Default Issue Price"), calculated as follows: (i) that number of fully paid and non-assessable shares of the Maker's Common Stock, multiplied by (ii) the Default Issue Price as is equal to the Default Amount for Share Exchange (subject to any stock splits, sub- divisions, stock dividends, combinations and the like affecting the Common Stock). Payee acknowledges that any such election by the Payee in accordance with this Paragraph 3 above shall be binding upon Payee; and provided Payee's right to exercise this remedy shall apply only so long as (a) such exercise does not represent a default or Event of Default under the (or any) Senior Indebtedness (or any related Senior Loan Documents evidencing or securing same), or (b) the applicable Senior Lender(s) consents or agrees to same in writing.

4. MISCELLANEOUS

- (a) Waivers of Presentment, Demand, etc.. No delay or omission on the part of Payee in exercising any right under this Subordinated Note will operate as a waiver of that right, or of any other rights under this Subordinated Note. Presentment, demand, protest, notice of dishonor, and all other notices are waived by Maker.
- (b) Assignments and Successors. This Subordinated Note may not be assigned or transferred by Payee without the prior written consent of Maker. Any purported assignment or transfer without such prior written consent will be void. Subject to the foregoing, this Subordinated Note will inure to the benefit of the heirs, executors, administrators, legal representatives, successors, and permitted assigns of Payee.
- (c) Attorneys' Fees. If any legal action, arbitration proceeding or similar proceeding is brought for the enforcement or interpretation of this Agreement or any of its provisions, the successful or prevailing party or parties shall be entitled to recover reasonable attorneys' fees and costs, in addition to any other relief which may be granted. This shall apply, without limitation, to any appeals or remands.
- (d) Governing Law. All matters relating to or arising out of this Subordinated Note will be governed by and construed and interpreted under the laws of the State of Florida, without regard to conflicts-of-laws principles that would require the application of any other law.
- (e) Notices. Any notice required or permitted to be given under this Subordinated Note shall be given in accordance with the "Notice" provisions in Section 11(h) of the Purchase Agreement.
- (f) Severability. If any provision of this Subordinated Note is held invalid or unenforceable by any court of competent jurisdiction, the other provisions of this Subordinated Note will remain in full force and effect. Any provision of this Subordinated Note held invalid or unenforceable only in part or degree will remain in full force and effect to the extent not held invalid or unenforceable.
- (g) Usury Savings. In no event will Payee be entitled to unearned or unaccrued interest or other charges or rebates, except as may be authorized by law; nor will Payee be entitled to or receive at any time any charges not allowed or permitted by law, or any interest in excess of the highest lawful rate. Any payments of interest in excess of the highest lawful rate will be credited by Payee on interest accrued or principal or both; except that Maker will have an option to demand refund as to any interest or charges in excess of the highest lawful rate.

(h) Waiver of Jury Trial. MAKER AND PAYEE (AND ANY LEGAL HOLDER EACH BY ITS ACCEPTANCE OF THIS SUBORDINATED NOTE) AGREE AS FOLLOWS: (a) EACH OF THEM KNOWINGLY, VOLUNTARILY, INTENTIONALLY, AND IRREVOCABLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LAWSUIT, PROCEEDING, COUNTERCLAIM, OR OTHER LITIGATION (AN "ACTION") BASED ON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS SUBORDINATED NOTE OR ANY RELATED DOCUMENTS (INCLUDING THE 'PURCHASE AGREEMENT'), INSTRUMENTS, OR AGREEMENTS (WHETHER ORAL OR WRITTEN AND WHETHER EXPRESS OR IMPLIED AS A RESULT OF A COURSE OF DEALING, A COURSE OF CONDUCT, A STATEMENT, OR OTHER ACTION OF EITHER PARTY); (b) NEITHER OF THEM MAY SEEK A TRIAL BY JURY IN ANY SUCH ACTION; (c) NEITHER OF THEM WILL SEEK TO CONSOLIDATE AN ACTION (IN WHICH A JURY TRIAL HAS BEEN WAIVED) WITH ANY OTHER ACTION IN WHICH A JURY TRIAL CANNOT BE WAIVED; AND (d) NEITHER OF THEM HAS IN ANY WAY AGREED WITH OR REPRESENTED TO THE OTHER OF THEM THAT THE PROVISIONS OF THIS SECTION WILL NOT BE FULLY ENFORCED IN ALL INSTANCES.

IN WITNESS WHEREOF, Maker has executed and delivered this Subordinated Note as of the date first written above.

**GENERAL EMPLOYMENT ENTERPRISES,  
INC.**, an Illinois corporation

By: \_\_\_\_\_  
Name:  
Title:

**STOCK PURCHASE AGREEMENT**

**BETWEEN**

**GENERAL EMPLOYMENT ENTERPRISES, INC.,**  
an Illinois corporation

**AND**

**ENOCH S. TIMOTHY & DOROTHY TIMOTHY**

**JANUARY 1, 2016**

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**EXHIBITS**

- Exhibit A Definitions
- Exhibit B Purchase Price Allocation Schedule
- Exhibit C Promissory Notes
- Exhibit D Intentionally Omitted
- Exhibit E Financial Statements
- Exhibit F Sellers' Release
- Exhibit G Sellers' Non-Competition Agreement
- Exhibit H Mr. Timothy's Agreement
- Exhibit I Intentionally Omitted
- Exhibit J Target's and Sellers' Counsel Opinion Letter

**APPENDICES**

- Appendix I Net Working Capital Adjustment
- Appendix II Earnout
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### **SELLERS' DISCLOSURE SCHEDULES**

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### **BUYER'S DISCLOSURE SCHEDULES**

Disclosure Schedule	3(b)	Buyer's Section 3 Representations and Warranties
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## STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (this "*Agreement*") is entered into as of **January 1, 2016**, by and among GENERAL EMPLOYMENT ENTERPRISES, INC., an Illinois corporation, or its designee ("*Buyer*" or "*GEE*"), and ENOCH S. TIMOTHY and DOROTHY TIMOTHY (collectively called "*Sellers*," and each individually called a "*Seller*" or "each *Seller*"). Buyer and Sellers may be referred to collectively herein as the "*Parties*" or, individually, as a "*Party*."

Sellers own all of the outstanding capital stock of PALADIN CONSULTING, INC., a Texas corporation ("*Target*").

This Agreement contemplates a transaction in which Buyer will purchase from Sellers, and Sellers will sell to Buyer, all of the outstanding capital stock of Target ("*Target Shares*") in return for cash, stock and certain other consideration as set forth below.

Now, therefore, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows.

### **§1. Definitions; Basic Transaction.**

(a) Definitions. For purposes of this Agreement, the terms and variations thereof set forth in **Exhibit A** to this Agreement shall have the meanings given to them in **Exhibit A**.

(b) Basic Transaction. In accordance with the terms and conditions of this Agreement, Buyer agrees to purchase from Sellers, and Sellers (and each of the respective Sellers) agree to sell to Buyer, all of Sellers' (and each Seller's) Target Shares free and clear of all Liens and any other interests or claims for the consideration specified below in §2.

(c) *Closing*. The closing of the transactions contemplated by this Agreement (the "*Closing*") shall take place via the use of overnight deliveries or email delivered pdf or facsimile executed documents (as contemplated by §11(f) of this Agreement), unless the parties otherwise agree at the time of the mutual signing and delivery of this Agreement between the Sellers and the Buyer; provided the Sellers shall prior to the Closing physically deliver the original certificates for the Target Shares, together with duly executed stock powers or assignment documents to convey same, to the Buyer's counsel, to hold in trust pending Sellers' authorization to disburse and deliver to Buyer for Closing (the "*Closing Date*"). The closing shall be at **[5:00 P.M. on January 1, 2016]** or such other date as Buyer and Sellers may mutually determine (the "*Closing Date*").

(d) Deliverables at Closing. At the Closing, (i) Sellers will deliver to Buyer the various certificates, instruments, and documents referred to in and in accordance with §7 below, (ii) Buyer will deliver to Sellers the various certificates, instruments, and documents referred to in and in accordance with §7 below, (iii) Sellers will deliver to Buyer stock certificates representing all of the Target Shares accompanied by duly executed assignment documents for assignment or stock powers to Buyer or Buyer's designee, and (iv) Buyer will deliver to Sellers the consideration specified in §2 below that is to be delivered at Closing.

## §2. Purchase Price.

(a) Purchase Price. The aggregate "Purchase Price" for the Target Shares shall be \$1,750,000 minus the Circle Lending Loan Amount, plus up to \$1,000,000 in contingent promissory notes, minus the NWC Reduction Amount (if any) plus up to \$1,250,000 of "earnouts" in each case in the form (cash or otherwise) and subject to the adjustment, conditions and provisions set forth in this §2 and is payable as set forth below. The Purchase Price shall be allocated between the Sellers as set forth on the "Purchase Price Allocation Schedule" attached hereto as **Exhibit B**, and any wire transfers to the Sellers shall be in accordance with the wire transfer instructions on **Exhibit B**.

(i) *Closing Cash Payment to Sellers*. At Closing, Buyer shall pay \$1,750,000 minus the Circle Lending Loan Amount to Sellers by wire transfer of immediately available U.S. federal funds pursuant to the wire transfer instructions set forth on **Exhibit B** (the "*Closing Cash Payment to Sellers*"), which shall be allocated between the Sellers in the amounts set forth on **Exhibit B**. The Circle Lending Loan Amount is the outstanding amount owing by Target to Circle Lending, L.P. (or Funding Circle USA, Inc., or Victory Park Capital Advisors, or FC Marketplace, LLC, or an affiliate), which Sellers represent to Buyer is \$77,823.37.

(ii) *Contingent Promissory Notes*. Subject to the terms and conditions of **Appendix IV**, up to an additional \$1,000,000 of the Purchase Price shall subsequently be paid by Buyer to Sellers in the form of contingent Promissory Notes (the "*Promissory Notes*"). The principal amount of the Promissory Notes is subject to reduction by the NWC Reduction Amount as provided below. If issued, the Promissory Notes (a) shall be in the form attached hereto as **Exhibit C**, and (b) shall be executed by Buyer.

(iii) *NWC Reduction Amount*. The Sellers are responsible for paying to Buyer the amount by which the Net Working Capital is a negative number, which shall first be effectuated as set forth below. The Net Working Capital shall be determined in accordance with **Appendix I**. The Purchase Price is reduced dollar for dollar for each dollar by which the Net Working Capital is a negative amount (i.e., less than \$0). The amount by which the Net Working Capital is less than \$0 is the "*NWC Reduction Amount*." For example purposes only, if the Net Working Capital were a negative \$10,000; then the Purchase Price would be reduced by \$10,000. The reduction shall first be applied to reduce the \$1,000,000 portion of the Purchase Price that is the Promissory Notes. If the reduction exceeds \$1,000,000, then that excess shall be immediately paid by the Sellers via a wire transfer of the applicable dollar amount to Buyer.

(iv) *Earnout Payment*. Up to an additional \$750,000 of the Purchase Price (the "*Earnout*") will subsequently be paid by Buyer to Sellers in accordance with and subject to the terms and conditions of **Appendix II**, which payment shall at the option of GEE be paid (i) in shares of GEE Common Stock, or (ii) immediately available funds. Any "retention bonuses" paid to Target employees will reduce the Earnout payment, as set forth in **Appendix II**.

(v) *Additional Stock Earnout Payment*. Up to an additional \$500,000 of the Purchase Price (the "*Additional Earnout*") will subsequently be paid by Buyer to Sellers in accordance with and subject to the terms and conditions of **Appendix III** in shares of GEE Common Stock.

The shares of GEE Common Stock issued to the Sellers pursuant to this §2 (including any pursuant to **Appendix II and Appendix III**) are the "*GEE Shares*." The GEE Shares shall be allocated among the Sellers as set forth on **Exhibit B**.

(vi) *Subordinated Deferred Payment Rights*. Notwithstanding the above, Sellers agree that the Earnout Payment and Additional Stock Earnout Payment (collectively "*Deferred Payment Rights*") are subordinate and junior in right of payment to any "Senior Indebtedness" now or hereafter existing to "Senior Lenders" (current or future). The Sellers agree for the benefit of each (current and future) holder of (current and future) Senior Indebtedness (including each such a Senior Lender of any future Senior Indebtedness, upon the written request of Buyer (for a prospective lender) or a then current Senior Lender) to promptly execute and deliver a subordination and inter-creditor agreement confirming the subordination of said Deferred Payment Rights to that current or prospective Senior Lender's priority rights in the form and substance as reasonably requested by the applicable current or prospective Senior Lender.

### **§3. Representations and Warranties Concerning Transaction.**

(a) *Sellers' Representations and Warranties*. Sellers (and each Seller) represent and warrant to Buyer that the statements contained in this §3(a) are correct and complete as of the date of this Agreement, except as set forth in the Sellers' Disclosure Schedule attached hereto or executed and delivered separately in connection therewith (the "*Sellers' Disclosure Schedule*" or "*Sellers' Disclosure Schedules*"). The Sellers' Disclosure Schedules will be lettered and numbered so as to correspond to the lettered and numbered paragraphs and subsections contained in this Agreement.

(i) *Sellers*. The Sellers are individuals residing in the State of Texas.

(ii) *Enforceable Obligation*. This Agreement constitutes the valid and legally binding obligation of the Sellers, enforceable in accordance with its terms and conditions. Sellers need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement.

(iii) *Non-contravention*. Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will: (A) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which any Seller is subject; (B) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which any Seller is a party or by which he, she, or it is bound or to which any of his, her, or its assets are subject; or (C) result in the imposition or creation of a Lien upon or with respect to Target Shares.

(iv) *Brokers' Fees*. No Seller has any liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

(v) *Target Shares.* Sellers hold of record and own beneficially one hundred percent (100%) of the outstanding Target Shares (i.e., shares of capital stock of Target), free and clear of any restrictions on transfer (other than any restrictions under the Securities Act and state securities laws), taxes, Liens, options, warrants, purchase rights, contracts, commitments, equities, claims, and demands. None of the Sellers is a party to any option, warrant, purchase right, or other contract or commitment (other than this Agreement) that could require Sellers or Target to sell, transfer, or otherwise dispose of any capital stock of Target. No Seller is a party to any voting trust, proxy, or other agreement or understanding with respect to the voting of any capital stock of Target. The Target Shares represent all of the Sellers' equity ownership interest in the Target (including any contingent interests).

(vi) *Investment.* Sellers (A) understand that the Promissory Notes have not been, and will not be, registered under the Securities Act, or under any state securities laws, and are being offered and sold in reliance upon federal and state exemptions for transactions not involving any public offering, (B) are acquiring the Promissory Notes solely for his, her, or their own account for investment purposes, and not with a view to the distribution thereof, (C) are sophisticated investors with knowledge and experience in business and financial matters, (D) has received certain information concerning Buyer and have had the opportunity to obtain additional information as desired in order to evaluate the merits and the risks inherent in holding their respective Promissory Notes, (E) are able to bear the economic risk and lack of liquidity inherent in holding the Promissory Notes, and (F) are Accredited Investors for the reasons set forth on Sellers' Disclosure Schedules.

(b) *Buyer's Representations and Warranties.* Buyer represents and warrants to Sellers that the statements contained in this §3(b) are correct and complete as of the date of this Agreement, except as set forth in the Buyer's Disclosure Schedule attached hereto or initialed and delivered separately in connection herewith (the "*Buyer's Disclosure Schedule*" or "*Buyer's Disclosure Schedules*"). The Buyer's Disclosure Schedules will be lettered and numbered so as to correspond to the lettered and numbered paragraphs and subsections contained in this Agreement.

(i) *Organization of Buyer.* Buyer is a corporation duly organized, validly existing, and in good standing under the laws of the State of Illinois.

(ii) *Authorization of Transaction.* Buyer has full power and authority (including full corporate or other entity power and authority) to execute and deliver this Agreement and to perform its obligations hereunder. This Agreement constitutes the valid and legally binding obligation of Buyer, enforceable in accordance with its terms and conditions. Buyer need not give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order to consummate the transactions contemplated by this Agreement. The execution, delivery and performance of this Agreement and all other agreements contemplated hereby have been duly authorized by Buyer.

(iii) *Non-contravention.* Neither the execution and delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will: (A) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Buyer is subject or any provision of its charter, bylaws, or other governing documents; or (B) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any agreement, contract, lease, license, instrument, or other arrangement to which Buyer is a party or by which it is bound or to which any of its assets are subject.

(iv) *Brokers' Fees.* Buyer has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement other than Childs Advisory Partners.

(v) *Investment.* Buyer is not acquiring the Target Shares with a view to, or for sale in connection with, any distribution thereof within the meaning of the Securities Act.

**§4. Representations and Warranties Concerning Target.** Sellers, and each Seller, represent and warrant to Buyer that the statements contained in this §4 are correct and complete as of the date of this Agreement, except as set forth in the Sellers' Disclosure Schedules related to this §4 delivered by Sellers to Buyer and initialed by the Parties. The Disclosure Schedules will be lettered and numbered so as to correspond to the lettered and numbered paragraphs and subsections contained in this Agreement.

(a) *Organization, Qualification, and Corporate Power.* Target is a corporation duly organized, validly existing, and in good standing under the laws of the State of Texas. Target is duly authorized to conduct business and is in good standing under the laws of each jurisdiction where such qualification is required, which jurisdictions are set forth in Sellers' Disclosure Schedule 4(a). Target has full corporate power and authority to carry on the business in which it is engaged and to own and use the properties owned and used by it. Sellers' Disclosure Schedule 4(a) also lists the directors and officers of Target.

(b) *Capitalization.* The entire authorized capital stock of Target consists of 100,000 Target Shares, of which 3,000 Target Shares are issued and outstanding and none of which Target Shares are held in treasury. All of the issued and outstanding Target Shares have been duly authorized, are validly issued, fully paid, and non-assessable, and are held of record by the Sellers as set forth in Sellers' Disclosure Schedule 4(b). There are no outstanding or authorized options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, or other contracts or commitments that could require Target to issue, sell, or otherwise cause to become outstanding any of its capital stock. There are no outstanding or authorized stock appreciation, phantom stock, profit participation, or similar rights with respect to Target or the Target Shares. There are no voting trusts, proxies, or other agreements or understandings with respect to the voting of the Target Shares. The Target Shares are the only equity or ownership interests in Target.

(c) *Non-contravention.* Neither the execution and the delivery of this Agreement, nor the consummation of the transactions contemplated hereby, will: (i) violate any constitution, statute, regulation, rule, injunction, judgment, order, decree, ruling, charge, or other restriction of any government, governmental agency, or court to which Target is subject or any provision of the charter, bylaws or resolutions of Target; or (ii) conflict with, result in a breach of, constitute a default under, result in the acceleration of, create in any party the right to accelerate, terminate, modify, or cancel, or require any notice under any material agreement, contract, lease, license, instrument, or other arrangement to which Target is a party or by which it is bound or to which any of its assets is subject (or result in the imposition of any Lien upon any of its assets), where the violation, conflict, breach, default, acceleration, termination, modification, cancellation, failure to give notice, or Lien, except as set forth in Sellers' Disclosure Schedule 4(c). Target does not need to give any notice to, make any filing with, or obtain any authorization, consent, or approval of any government or governmental agency in order for the Parties to consummate the transactions contemplated by this Agreement, except as set forth in Sellers' Disclosure Schedule 4(c).

(d) *Brokers' Fees.* Target has no liability or obligation to pay any fees or commissions to any broker, finder, or agent with respect to the transactions contemplated by this Agreement.

(e) *Title to Assets.* Target has good and valid title to, or a valid leasehold interest in, the properties and all, of its assets, which assets are either shown either on the Most Recent Balance Sheet or are listed on Sellers' Disclosure Schedule 4(e), free and clear of all Liens. Target has distributed the Permitted Distributions to Sellers prior to Closing.

(f) *Subsidiaries.* Target does not own any Subsidiaries or Predecessor companies. Each of Seller's Affiliates is listed on Sellers' Disclosure Schedule 4(bb).

(g) *Financial Statements.* Attached hereto as **Exhibit E** are the following financial statements (collectively the "*Financial Statements*"):

(i) unaudited consolidated balance sheets and statements of income, changes in stockholders' equity, and cash flow as of and for the fiscal years ended 2012 and 2013, and December 31, 2014, (the "*Most Recent Fiscal Year End*") for Target; and

(ii) unaudited consolidated balance sheets and statements of income, changes in stockholders' equity, and cash flow (the "*Most Recent Financial Statements*") as of and for the months in 2015 ended November 30, 2015 (the "*Most Recent Fiscal Month End*") for Target. The Financial Statements (including the notes thereto) have been prepared for purposes of preparing Target's Federal Income Tax Return throughout the periods covered thereby and, from a Federal Income Tax reporting perspective, present fairly the financial condition of Target as of such dates and the results of operations of Target for such periods.

(h) *Events Subsequent to Most Recent 2014 Fiscal Year End and Since Most Recent Fiscal Month End.*

(i) Since the Most Recent Fiscal Year End there has not been any Material Adverse Effect to, or incurred or suffered by, Target, the Target Shares or the Business. Without limiting the generality of the foregoing, and except as set forth on Sellers' Disclosure Schedule 4(h), since that date:

(A) With the exception of the Permitted Distributions, Target has not sold, leased, transferred, or assigned, or experienced damage to or loss of, any of Target's assets, tangible or intangible;

(B) Target has not entered into any agreement, contract, lease, license or other obligation that obligates Target to pay Five Thousand Dollars (\$5,000) or more;

(C) no party (including Target) has accelerated, terminated, made material modifications to, or canceled any material agreement, contract, lease, or license to which Target is a party, or by which any of them is bound that would result in a Material Adverse Effect;

(D) neither Target, nor any third party, has imposed any Lien upon any of Target's Assets, tangible or intangible, or the Target Shares;

(E) Target has not made any capital expenditures;

(F) Target has not made any material capital investment in, or any loan to, any other Person;

(G) Target has not created, incurred, assumed, received any credit 'advance' from or incurred an increase in its liabilities to any creditor (long or short term) other than in the Ordinary Course of Business (including under any pre-existing credit, line or loan agreements with a bank or other lender), or guaranteed more than One Dollar (\$1) in aggregate Indebtedness for borrowed money and capitalized lease obligations;

(H) Target has not transferred, assigned, or granted any license or sublicense of any rights under or with respect to any Intellectual Property;

(I) there has been no change made or authorized in the charter or bylaws of Target;

(J) neither any Seller nor Target has issued, sold, pledged, assigned or otherwise disposed of any Target Shares, or granted any options, warrants, or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any of the Target Shares;

(K) Target has not declared, set aside, or paid any dividend or made any distribution with respect to its capital stock (whether in cash or in kind) or redeemed, purchased, or otherwise acquired any of its capital stock other than the Permitted Distributions;

(L) Target has not experienced any damage, destruction, or loss (whether or not covered by insurance) to the Target Assets or to its property;

(M) Target has not made, nor released, compromised or settled, any loan to any Seller or any of its directors, officers or managers, nor has it made any loans to or entered into any other transaction with any of its employees except as described on Sellers' Disclosure Schedule 4(h)(i)(M);

(N) Target has not entered into or terminated any employment contract or collective bargaining agreement, written or oral, or modified the terms of any existing such contract or agreement, or entered into any collective bargaining relationship;

(O) Target has not granted any increase in the base compensation of any of its directors, officers, managers or employees;

(P) Target has not adopted, amended, modified, or terminated any bonus, profit sharing, incentive, severance, or other plan, contract, or commitment for the benefit of any of its directors, officers, managers or employees (or taken any such action with respect to any other Employee Benefit Plan);

(Q) Target has not made any other change in employment terms for any of its directors, officers, managers or employees;

(R) Target has not implemented any employee layoffs requiring notice under the Worker Adjustment and Retraining Notification Act of 1988, as amended, or any similar state, local, or non-U.S. law, regulation, or ordinance (collectively the "*WARN Act*");

(S) Target has not made, nor released, compromised or settled, any loans or advances of money;

(T) Target has not become subject to any judgments, orders, consent agreements, decrees or other legal requirements that may result in a Material Adverse Effect; and

(U) Target has not committed to do any of the foregoing acts.

(ii) Without prior specific written approval from Buyer (which approvals are listed and described on Sellers' Disclosure Schedule 4(h)(ii)), Target has not acted outside of the Ordinary Course of Business since the Most Recent Fiscal Month End (or committed to do so), including (a) making cash withdrawals, cash expense payments, distributions payments, salary or bonus payments, (b) incurring or increasing any liabilities, and (c) assuming or increasing any indebtedness. As a matter of clarification, actions which are in the Ordinary Course of Business, including borrowing under a credit facility to finance working capital, consistent with Target's historical practice, shall not be deemed a violation of this subsection (ii).

(i) *Undisclosed Liabilities; Long Term Debt.*

(i) Target has no liabilities (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due, including any liability for taxes) of a type that would be recorded on Target's balance sheet if Target were using the accrual method of accounting in accordance with GAAP, except for: (i) liabilities included and described in the Most Recent Balance Sheet (rather than in any notes thereto); and (ii) those liabilities that have arisen since the Most Recent Fiscal Month End in the Ordinary Course of Business. Target has no unrecorded, undisclosed or contingent Indebtedness other than those set forth on Sellers' Disclosure Schedule 4(i).

(ii) Target has no long term debt or liabilities, other than (i) equipment leases not exceeding Twenty Five Thousand Dollars (\$25,000) of future rent or other payments in the aggregate and (ii) the office leases set forth on Sellers Disclosure Schedule 4(l)(ii).

(j) *Legal Compliance.*

(i) Target has complied in all material respects with all applicable laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder and including the Foreign Corrupt Practices Act, 15 U.S.C. 78dd-1 *et seq.*) of federal, state, local, and non-U.S. governments (and all agencies thereof) affecting Target or the Business, and no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against it alleging any failure so to comply, except as set forth in Sellers' Disclosure Schedule 4(j)(i).

(ii) The representatives of Target have not, to obtain or retain business, directly or indirectly offered, paid or promised to pay, or authorized the payment of, any money or other thing of value (including any fee, gift, sample, travel expense or entertainment with a value in excess of One Hundred Dollars (\$100) in the aggregate to any one individual in any year) to:

(A) any person who is an official, officer, agent, employee or representative of any Governmental Body or of any existing or prospective customer (whether government owned or nongovernment owned);

(B) any political party or official thereof;

(C) any candidate for political or political party office; or

(D) any other individual or entity;

while knowing or having reason to believe that all or any portion of such money or thing of value would be offered, given, or promised, directly or indirectly, to any such official, officer, agent, employee, representative, political party, political party official, candidate, individual, or any entity affiliated with such customer, political party, official or political office.

(iii) Target has all Necessary Permits.

(k) Tax Matters.

(i) Target has filed all Federal Income Tax Returns and all other Tax Returns that it is required to file. All such Tax Returns are true and correct in all material respects. All Taxes due and owing by Target (whether or not shown on any Tax Return) have been paid and Target has not deferred any Taxes. Target is not currently the beneficiary of any extension of time within which to file any Tax Return. There are no Liens for Taxes (other than Taxes not yet due and payable) upon any of the assets of Target. Target has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor, stockholder, or other Person, and Target has complied in all material respects with the related reporting requirements relating thereto, including properly completed and filed all required Forms W-2 and 1099.

(ii) Except as set forth on Sellers' Disclosure Schedule 4(k)(ii), there is no dispute or claim concerning any Tax liability of Target either: (A) claimed or raised by any authority in writing; or (B) as to which Sellers or the directors and officers of Target have Knowledge based upon personal contact with or written notice from any agent of such authority.

(iii) Sellers' Disclosure Schedule 4(k)(iii) lists all Federal, state, local, and non-U.S. Tax Returns filed with respect to Target for taxable periods ended on or after December 31, 2013, and indicates whether or not those Tax Returns that have been audited, and indicates whether or not those Tax Returns currently are the subject of audit. Sellers have delivered to Buyer correct and complete copies of all Federal Income Tax Returns, examination reports, and statements of deficiencies assessed against, or agreed to by Target since December 31, 2011. Target has not waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency.

(iv) Target is not a party to any agreement, contract, arrangement, or plan that has resulted or would result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Code §280G (or any corresponding provision of state, local, or non-U.S. Tax law). Target has not been a United States Real Property holding corporation within the meaning of Code §897(c)(2) during the applicable period specified in Code §897(c)(1)(A)(ii). Target is not a party to or bound by any tax allocation or sharing agreement. Target (A) has not been a member of an Affiliated Group filing a consolidated Federal Income Tax Return, and (B) has no liability for the Taxes of any Person (other than Target) under Reg. §1.1502-6 (or any similar provision of state, local, or non-U.S. law), as a transferee or successor, by contract, or otherwise.

(v) The unpaid Taxes of Target: (A) did not, as of the Most Recent Fiscal Month End, exceed the reserve for Tax liability (rather than any reserve for deferred Taxes established to reflect timing differences between book and Tax income) set forth on the face of the Most Recent Balance Sheet; and (B) will not exceed that reserve as adjusted for operations and transactions through the Closing Date.

(vi) Target will not be required to include any item of income in, or exclude any item of deduction from, taxable income for any taxable period (or portion thereof) ending after the Closing Date as a result of any:

(A) change in method of accounting for a taxable period ending on or prior to the Closing Date;

(B) "closing agreement" as described in Code §7121 (or any corresponding or similar provision of state, local, or non-U.S. income Tax law) executed on or prior to the Closing Date;

(C) installment sale or open transaction disposition made on or prior to the Closing Date; or

(D) prepaid amount received on or prior to the Closing Date.

(vii) Target has not distributed stock of another Person, nor had its stock distributed by another Person, in a transaction that was purported or intended to be governed in whole or in part by Code §355 or Code §361.

(viii) Target is not, and has not been, a party to any "listed transaction," as defined in Code §6707A(c)(2) and Reg. §1.6011-4(b)(2).

(ix) Target (and any predecessor of Target) has been a validly electing S-corporation within the meaning of Code §1361 and §1362 at all times during its existence and Target will be an S-corporation up to and including the Closing Date.

(x) Target has no potential liability for any Tax under Code §1374. Furthermore, Target shall not be liable for any Tax under Code §1374 in connection with the deemed sale of Target's assets caused by the §338(h)(10) election. Target has not, in the past ten (10) years: (A) acquired assets from another corporation in a transaction in which Target's Tax basis for the acquired assets was determined, in whole or in part, by reference to the Tax basis of the acquired assets (or any other property) in the hands of the transferor; or (B) acquired the stock of any corporation that is a qualified subchapter S subsidiary.

(l) Real Property.

(i) Target does not own and has not in the past owned any Owned Real Property.

(ii) Sellers' Disclosure Schedule 4(l)(ii) sets forth the address of the only parcels of Leased Real Property, and identifies the Leases for that Leased Real Property (including the date and name of the parties to such Lease document). Sellers have delivered to Buyer a true and complete copy of the Lease documents for that Leased Real Property. With respect to each Lease:

(A) such Lease is legal, valid, binding, enforceable and in full force and effect;

(B) the transactions contemplated by this Agreement do not under the terms of any such Lease require the consent of any other party to such Lease, will not result in a breach of or default under such Lease, and will not otherwise cause such Lease to cease to be legal, valid, binding, enforceable and in full force and effect on identical terms following the Closing;

(C) none of Target's possession and quiet enjoyment of the Leased Real Property under such Lease has been disturbed and there are no disputes with respect to such Lease;

(D) neither Target, nor any other party to the Lease is in breach of or default under such Lease, and, no event has occurred or circumstance exists that, with the delivery of notice, the passage of time or both, would constitute such a breach or default, or permit the termination, modification or acceleration of rent under such Lease;

(E) no security deposit or portion thereof deposited with respect to such Lease has been applied in respect of a breach of or default under such Lease that has not been redeposited in full;

(F) Target does not owe, and will not owe in the future, any brokerage commissions or finder's fees with respect to such Lease;

(G) Target has not subleased, licensed or otherwise granted any Person the right to use or occupy the Leased Real Property or any portion thereof; and

(H) Target has not collaterally assigned or granted any other Lien in such Lease or any interest therein.

(iii) The Leased Real Property identified in Sellers' Disclosure Schedule 4(l)(ii) comprises all of the real property used, or intended to be used, in the business of Target; and Target is not a party to any agreement or option to purchase any real property or interest therein.

(iv) All buildings, structures, fixtures, building systems and equipment, and all components thereof, included in the Leased Real Property (the "*Improvements*") are in good condition and repair and sufficient for the operation of the Business of Target. There are no facts or conditions affecting any of the Improvements that would, individually or in the aggregate, interfere in any material respect with the use or occupancy of the Improvements or any portion thereof in the operation of the business of Target as currently conducted thereon.

(v) Target has made all rent and other payments required under the Lease and Target is not liable for paying the costs of any Improvements, repairs or betterments related to the Leased Real Property.

(vi) To the Knowledge of each Seller, and the directors and officers of Target, the Leased Real Property is in material compliance with all applicable building, zoning, subdivision, health and safety and other land use Laws, including The Americans with Disabilities Act of 1990, as amended, and all insurance requirements affecting the Leased Real Property (collectively, the "*Real Property Laws*"). Target has not received any notice of violation of any Real Property Law and there is no Basis for the issuance of any such notice or the taking of any action for such violation.

(vii) The Leased Real Property has direct access to a public street adjoining the Leased Real Property or has access to a public street via insurable easements benefitting such parcel of Leased Real Property, and such access is not dependent on any land or other Real Property interest that is not included in the Leased Real Property. None of the Improvements, or any portion thereof, is dependent for its access, use or operation on any land, building, improvement or other Real Property interest that is not included in the Leased Real Property (including its related easements and appurtenances in the case of condominium units).

(viii) All water, oil, gas, electrical, steam, compressed air, telecommunications, sewer, storm and waste water systems and other utility services or systems for the Leased Real Property have been installed and are operational and sufficient for the operation of the business of Target as currently conducted thereon.

(ix) Target's use or occupancy of the Leased Real Property or any portion thereof and the operation of the business of Target as currently conducted thereon is not dependent on a "permitted non-conforming use" or "permitted non-conforming structure" or similar variance, exemption or approval from any governmental authority.

(x) None of the Leased Real Property, or any portion thereof, is located in a flood hazard area (as defined by the Federal Emergency Management Agency).

(m) *Intellectual Property.*

(i) Target, and its Business as presently conducted and as presently proposed to be conducted, have not and will not interfere with, infringe upon, misappropriate, or otherwise come into conflict with, any Intellectual Property rights of third-parties; there are no facts indicating a likelihood of the foregoing; and no Seller has received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or conflict (including any claim that Target must license or refrain from using any Intellectual Property rights of any third-party). To the Knowledge of Sellers, no third-party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with, any Intellectual Property rights of Target.

(ii) Sellers' Disclosure Schedule 4(m)(ii) identifies each patent or registration which has been issued to Target with respect to any of its Intellectual Property, identifies each pending patent application or application for registration that Target has made with respect to any of its Intellectual Property, and identifies each material license, sublicense, agreement, covenant not to sue, or other permission that Target has granted to any third-party with respect to any of its Intellectual Property (together with any exceptions). Sellers have delivered to Buyer correct and complete copies of all such patents, registrations, applications, licenses, sublicenses, agreements, covenants not to sue, and permissions (as amended to date). Sellers' Disclosure Schedule 4(m)(ii) also identifies each material trade name or unregistered trademark, service mark, corporate name, internet domain name, copyright and material computer software item used by Target in connection with its Business. With respect to each item of Intellectual Property required to be identified in Sellers' Disclosure Schedule 4(m)(ii):

- (A) Target possesses all right, title, and interest in and to the item, free and clear of any Lien, license, or other restriction;
- (B) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge;
- (C) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or, to the Knowledge of Sellers and the directors and officers of Target, is threatened that challenges the legality, validity, enforceability, use, or ownership of the item; and
- (D) Target has not ever agreed to indemnify any Person for or against any interference, infringement, misappropriation, or other conflict with respect to the item.

(iii) Sellers' Disclosure Schedule 4(m)(iii) identifies each item of Intellectual Property that any third-party owns and that Target uses pursuant to license, sublicense, agreement, covenant not to sue, or permission excluding off-the-shelf retail licensed software (e.g., Microsoft Windows or Microsoft Word) which has been and is being used in compliance with such retail license. Sellers have delivered to Buyer correct and complete copies of all such licenses, sublicenses, agreements, covenants not to sue, and permissions (as amended to date). With respect to each item of Intellectual Property required to be identified in Sellers' Disclosure Schedule 4(m)(iii):

- (A) the license, sublicense, agreement, covenant not to sue, or permission covering the item is legal, valid, binding, enforceable, and in full force and effect;
- (B) no party to the license, sublicense, agreement, covenant not to sue, or permission is in material breach or default, and no event has occurred that with notice or lapse of time would constitute a breach, default or permit termination, modification, or acceleration thereunder;
- (C) no party to the license, sublicense, agreement, covenant not to sue, or permission has repudiated any provision thereof;
- (D) Target has not granted any sublicense or similar right with respect to the license, sublicense, agreement, covenant not to sue, or permission; and

(E) no loss or expiration of the item is, threatened, pending, or reasonably foreseeable, except for patents expiring at the end of their statutory terms (and not as a result of any act or omission by Sellers or Target, including without limitation, a failure by Sellers or Target to pay any required maintenance fees).

(iv) Target entered into agreements with each of its employees and 1099 contractors such that none of them retains any copyright or other intellectual property rights to any work product provided to clients of Target by those employees or 1099 contractors.

(n) *Tangible Assets.* The machinery, equipment, and other tangible assets that Target owns or leases are set forth on the Most Recent Balance Sheet, are free from material defects (patent and latent), have been maintained in accordance with normal industry practice, and are in good operating condition and repair (subject to normal wear and tear).

(o) *Inventory.* Target does not maintain any inventory of goods except as may be set forth on the Most Recent Balance Sheet.

(p) *Contracts.* Sellers' Disclosure Schedule 4(p) lists the following contracts and other agreements, written or oral, to which Target is a party:

(i) any agreement (or group of related agreements) for the lease of personal property to or from any Person providing for lease payments in excess of Five Thousand Dollars (\$5,000) per annum;

(ii) (A) any agreement (or group of related agreements) for the purchase or sale of raw materials, commodities, supplies, products, or other personal property, or for the furnishing or receipt of services, the performance of which will extend over a period of more than one (1) year or involve consideration in excess of Five Thousand Dollars (\$5,000), and also (B) of the above listed agreements, 4(p)(ii)(B) specifically identifies those (and only those) agreements which extend over a period of more than three (3) years or involve consideration in excess of Twenty Five Thousand Dollars (\$25,000);

(iii) any agreement concerning a partnership or joint venture;

(iv) any agreement (or group of related agreements) under which it has created, incurred, assumed, or guaranteed any Indebtedness for borrowed money, or any capitalized lease obligation, in excess of One Dollar (\$1) or under which it has imposed a Lien on any of its assets, tangible or intangible;

(v) any agreement concerning confidentiality or non-competition; and the material terms of any restrictions on the Target in such agreement are summarized in Sellers' Disclosure Schedule 4(p)(v) with respect to the applicable agreement listed therein;

(vi) any agreement with any Seller and their Affiliates (other than Target);

(vii) any profit sharing, stock option, stock purchase, stock appreciation, phantom stock, cash bonuses due upon sale of Target, deferred compensation, severance, or other material plan or arrangement for the benefit of its current or former directors, officers, and employees;

(viii) any collective bargaining agreement;

(ix) any agreement for the employment of any individual on a full-time, part-time, consulting, or other basis providing any of the following: (A) annual compensation in excess of Thirty Thousand Dollars (\$30,000); (B) a guarantee of employment of one (1) year or more; or (C) providing severance benefits;

(x) any agreement under which Target has advanced or loaned any amount to any of its directors, officers, managers or employees;

(xi) any agreement under which the consequences of a default or termination could have a Material Adverse Effect;

(xii) any agreement under which it has granted any Person any registration rights (including, without limitation, demand and piggyback registration rights);

(xiii) any settlement, conciliation or similar agreement with any governmental entity or which will likely involve payment after the Closing Date of consideration in excess of Five Thousand Dollars (\$5,000);

(xiv) any agreement under which Target has advanced or loaned any other Person amounts in the aggregate exceeding Five Thousand Dollars (\$5,000);

(xv) any other agreement (or group of related agreements) the performance of which involves consideration or expenditures by Target in excess of Five Thousand Dollars (\$5,000); or

(xvi) Sellers' Disclosure Schedule 4(p)(xvi) contains a general description of the history and scope of any claims under warranties under contracts or agreements with clients for work done by Target for that client.

Sellers have delivered to Buyer a correct and complete copy of each written contract listed in Sellers' Disclosure Schedule 4(p) and a written summary setting forth the material terms and conditions of each oral agreement referred to in Sellers' Disclosure Schedule 4(p). With respect to each such agreement: (A) the agreement is legal, valid, binding, enforceable, and in full force and effect in all material respects; (B) Sellers are not and, to the Knowledge of Sellers, no other party is in material breach or default, and no event has occurred that with notice or lapse of time would constitute a material breach or default, or permit termination, modification, or acceleration, under the agreement; and (C) no party has repudiated any material provision of the agreement.

(q) *Notes and Accounts Receivable.* All notes and accounts receivable of Target are reflected properly on their books and records, are valid receivables subject to no setoffs or counterclaims known to any Seller, are current and collectible and will be collected in accordance with their terms at the recorded amounts thereof, subject only to the reserve, if any, for bad debts set forth on the face of the Most Recent Balance Sheet (rather than in any notes thereto).

(r) *Powers of Attorney.* There are no outstanding powers of attorney executed on behalf of Target.

(s) *Insurance.* Sellers' Disclosure Schedule 4(s) sets forth the following information with respect to each insurance policy (including policies providing property, casualty, liability, and workers' compensation coverage and bond and surety arrangements) to which Target is a party, a named insured, or otherwise the beneficiary of coverage:

(i) the name, address, and telephone number of the agent;

- (ii) the name of the insurer, the name of the policyholder, and the name of each covered insured;
- (iii) the policy number, coverage limits, and the period of coverage;
- (iv) the scope (including an indication of whether the coverage is on a claims made, occurrence, or other basis) and available amounts (including a description of how deductibles and ceilings are calculated and operate) of coverage;
- (v) a description of any retroactive premium adjustments or other material loss-sharing arrangements;
- (vi) a description of any claims filed against each such policy within the past five (5) years; and
- (vii) a description of 'loss runs,' including any worker's compensation policies.

With respect to each such insurance policy: (A) the policy is legal, valid, binding, enforceable, and in full force and effect in all material respects; (B) neither Target, nor to the Knowledge of Sellers any other party to the policy is in material breach or default (including with respect to the payment of premiums or the giving of notices), and no event has occurred that, with notice or the lapse of time, would constitute such a material breach or default, or permit termination, modification, or acceleration, under the policy; and (C) no party to the policy has repudiated any material provision thereof. Sellers' Disclosure Schedule 4(s) also describes any material self-insurance arrangements affecting Target. Target has maintained all insurance coverages appropriate for the Business and there have been no gaps in such coverages at any time.

(t) *Litigation.* Sellers' Disclosure Schedule 4(t) sets forth each instance in which: (i) Target is subject to any outstanding injunction, judgment, order, decree, ruling, or charge; or (ii) Target is a party or the directors and officers of Target, are to Sellers' Knowledge, threatened to be made a party, to any action, suit, proceeding, hearing, or investigation of, in, or before (or that could come before) any court or quasi-judicial or administrative agency of any federal, state, local, or non-U.S. jurisdiction or before (or that could come before) any arbitrator.

(u) *Product Liability.* Target does not sell products in the Ordinary Course of Business and has no product liability exposure.

(v) *Key Employees.*

(i) Sellers' Disclosure Schedule 4(v)(i)(a) identifies each of the individuals who currently perform or have performed in the last twenty-four (24) months any of the following services for the Target: recruiting of workers, marketing and customer relations (each individual being a "*Key Employee*"). Furthermore, Sellers' Disclosure Schedule 4(v)(i)(a) sets forth the identity and job descriptions for each of the Key Employees. Each of the Key Employees has entered into a binding and enforceable confidentiality and non-solicitation agreement in the form (b) attached as part of Sellers' Disclosure Schedule 4(v)(i)(a). No Seller is, and to Sellers' Knowledge, no Key Employee is, subject to any non-competition or confidentiality agreement with any Person other than Target. Sellers' Disclosure Schedule 4(v)(i)(b) identifies all (and only) those "*Key Employees*" which meet any of the following criteria: (A) received a performance or unscheduled bonus (in the form of cash or other consideration) from Target within the last twenty-four (24) months, (B) are by the measure of total sales, total revenues, or total new accounts (by volume or business projected from the new customer/client), within the top three (3) employees of Target, of all the Key Employees.

(ii) Sellers' Disclosure Schedule 4(v)(ii) lists any intellectual property rights or copyright licenses agreements binding upon or obligating any Seller or, to the knowledge of Sellers, any other Key Employee of the Target individually.

(iii) Sellers' Disclosure Schedule 4(v)(iii) lists any franchise, distribution, commission, agency or representation agreements relating to the staffing, recruiting, and employee placement services business binding upon or obligating any Seller or, to the knowledge of Sellers, any other Key Employee of the Target individually.

(w) *Employees.*

(i) To the Knowledge of Sellers, no directors or officers of Target, no executive, no Key Employee, or significant group of employees, plans to terminate employment with Target during the next twelve (12) months. Target is not a party to or bound by any collective bargaining agreement, nor has it experienced any strike or material grievance, claim of unfair labor practices, or other collective bargaining dispute within the past three (3) years. Target has not committed any material unfair labor practice. There is no organizational effort presently being made or, to Knowledge of Sellers or the directors or officers of Target, threatened by or on behalf of any labor union with respect to employees of Target, except as set forth in Sellers' Disclosure Schedule 4(w).

(ii) Within the past three (3) years, Target has not implemented any plant closing or layoff of employees requiring notice under the WARN Act, and no such action will be implemented without advance notification to Buyer. Sellers' Disclosure Schedule 4(w) lists all full-time and part-time employees of Target.

(iii) Target is and since January 1, 2011 has been, in compliance in all material respects with all applicable Laws respecting labor, employment, fair employment practices, labor relations, terms and conditions of employment, immigration, employee classification and wages, hours, meal and break periods, hiring, promotion, termination, workers', compensation, occupational safety and health requirements, plant closings, withholding of taxes, employment discrimination, harassment, retaliation, disability rights or benefits, equal opportunity, equal pay, employee privacy, employee leave requirements, health and medical insurance (including the Affordable Care Act), unemployment insurance and related matters ("*Labor Laws*"). Target has paid its current and former employees, officers, directors, managers, independent contractors and consultants or adequately accrued for in accordance with GAAP in the Financial Statements all wages, salaries, commissions, bonuses, benefits and other compensation due to or on behalf of such employees, officers, directors, managers or consultants prior to the Most Recent Fiscal Month End. Target has properly classified each of its employees, officers, directors, managers, independent contractors and consultants and "employees" or "independent contractors" and as "exempt" or "non-exempt" for all purposes (including with respect to eligibility for minimum wage and overtime under the Fair Labor Standards Act of 1938, as amended) and has properly reported all compensation paid to such employees, officers, directors, managers, independent contractors and consultants for all purposes and no reserves have been taken for any such matters. Target is, and since January 1, 2011 has been, in compliance with all documentation requirements of the Immigration Reform and Control Act of 1986, as amended, and the rules and regulations promulgated thereunder and no reserves have been taken for any such matters.

(iv) Since January 1, 2011 there has been, no Litigation pending, or to the Knowledge of Sellers, threatened against Target by or before any Governmental Authority with respect to any current or former employees, officers, directors, managers or consultants of any Target, including any claim relating to the alleged violation of any Labor Law.

(x) Employee Benefits.

(i) Sellers' Disclosure Schedule 4(x) lists each Employee Benefit Plan that Target maintains, to which Target contributes or has any obligation to contribute, or with respect to which Target has any liability.

(A) Each such Employee Benefit Plan (and each related trust, insurance contract, or fund) has been maintained, funded and administered in accordance with the terms of such Employee Benefit Plan and complies in form and in operation in all material respects with the applicable requirements of ERISA, the Code, the Affordable Care Act and all other applicable laws.

(B) All required reports and descriptions (including Form 5500 annual reports, summary annual reports, and summary plan descriptions) have been timely filed and/or distributed in accordance with the applicable requirements of ERISA and the Code with respect to each such Employee Benefit Plan. The requirements of COBRA have been met in all material respects with respect to each such Employee Benefit Plan and each Employee Benefit Plan maintained by an ERISA Affiliate that is an Employee Welfare Benefit Plan subject to COBRA.

(C) All contributions (including all employer contributions and employee salary reduction contributions) that are due have been made within the time periods prescribed by ERISA and the Code to each such Employee Benefit Plan that is an Employee Pension Benefit Plan and all contributions for any period ending on or before the Closing Date that are not yet due have been made to each such Employee Pension Benefit Plan or accrued in accordance with the past custom and practice of Target. All premiums or other payments for all periods ending on or before the Closing Date have been paid with respect to each such Employee Benefit Plan that is an Employee Welfare Benefit Plan.

(D) Each such Employee Benefit Plan that is intended to meet the requirements of a "qualified plan" under Code §401(a) has received a determination from the Internal Revenue Service that such Employee Benefit Plan is so qualified, and Sellers are not aware of any facts or circumstances that would reasonably be expected to adversely affect the qualified status of any such Employee Benefit Plan.

(E) There have been no Prohibited Transactions with respect to any such Employee Benefit Plan or any Employee Benefit Plan maintained by an ERISA Affiliate. No Fiduciary has any liability for material breach of fiduciary duty or any other material failure to act or comply in connection with the administration or investment of the assets of any such Employee Benefit Plan. No action, suit, proceeding, hearing, or investigation with respect to the administration or the investment of the assets of any such Employee Benefit Plan (other than routine claims for benefits) is pending or, to the Knowledge of Sellers and the directors and officers of Target, threatened.

(F) Sellers have delivered to Buyer correct and complete copies of the plan documents and summary plan descriptions, the most recent determination letter received from the Internal Revenue Service, the most recent annual report (Form 5500, with all applicable attachments), and all related trust agreements, insurance contracts, and other funding arrangements which implement each such Employee Benefit Plan.

(ii) Neither Target nor any ERISA Affiliate contributes to, has any obligation to contribute to, or has any liability under or with respect to any Employee Pension Benefit Plan that is a "defined benefit plan" (as defined in ERISA §3(35)).

(iii) Neither Target nor any ERISA Affiliate contributes to, has any obligation to contribute to, or has any material liability (including withdrawal liability as defined in ERISA §4201) under or with respect to any Multiemployer Plan.

(iv) Target does not maintain, contribute to or have an obligation to contribute to, or have any material liability or potential liability with respect to, any Employee Welfare Benefit Plan or other arrangement providing health or life insurance or other welfare-type benefits for current or future retired or terminated employees (or any spouse or other dependent thereof) of Target other than in accordance with COBRA.

(v) The consummation of the transactions contemplated by this Agreement will not accelerate the time of the payment or vesting of, or increase the amount of, or result in the forfeiture of compensation or benefits under, any Employee Benefit Plan.

(vi) Sellers' Disclosure Schedule 4(x)(vi) lists each written agreement, contract, or other arrangement - whether or not an Employee Benefit Plan (collectively a "*Nonqualified Plan*") - to which Target is a party that is a "nonqualified deferred compensation plan" subject to Code §409A. Each Plan has been maintained in good faith compliance with Code §409A and the regulations thereunder and no amounts under any such Plan is or has been subject to the interest and additional tax set forth under Code §409A(a)(1)(B). Target has no actual or potential obligation to reimburse or otherwise "gross-up" any Person for the interest or additional tax set forth under Code §409A(a)(1)(B).

(vii) The Target has not attempted to maintain the grandfathered health care plan status under the Affordable Care Act of any Employee Benefit Plan.

(viii) Sellers' Disclosure Schedule 4(x)(viii) lists each health insurance plan and policy that Target maintains, to which Target contributes, or has any obligation to contribute, or with respect to which Target has liability. Target has properly prepared and distributed to its applicable employees the "summary of benefits and coverage" for each group health plan in accordance with the Affordable Care Act and all other applicable laws.

(y) *Guaranties.* Target is not a guarantor or otherwise responsible for any liability or obligation (including Indebtedness) of any other Person.

(z) Environmental, Health, and Safety Matters.

(i) Target has for the past five (5) years complied and is in compliance, in each case in all material respects, with all Environmental, Health, and Safety Requirements.

(ii) Without limiting the generality of the foregoing, Target has obtained, has for the past five (5) years complied, and is in compliance with, in each case in all material respects, all material permits, licenses and other authorizations that are required pursuant to Environmental, Health, and Safety Requirements for the occupation of its facilities and the operation of its business.

(iii) Target has not received any written notice, report, or other information regarding any actual or alleged material violation of Environmental, Health, and Safety Requirements, or any material liabilities or potential material liabilities, including any material investigatory, remedial, or corrective obligations, relating to any of them, their business, or their past or current facilities arising under Environmental, Health, and Safety Requirements.

(iv) Target has not treated, stored, disposed of, arranged for, permitted the disposal of, transported, handled, manufactured, distributed, exposed and person to or caused the release of any substance to the environment, including without limitation any hazardous substance, hazardous material or hazardous waste, or owned or operated any property or facility which is or has been contaminated by any such substance so as to give rise to any current or future liabilities, including any liability for fines, penalties, response costs, corrective action costs, personal injury, property damage, natural resources damages, or attorneys' fees, pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended ("*CERCLA*"), or the Solid Waste Disposal Act, as amended ("*SWDA*"), or any other Environmental, Health, and Safety Requirements.

(v) Target has not designed, manufactured, sold, marketed, installed, or distributed products or other items containing asbestos and none of such entities is, or will become, subject to any liabilities with respect to the presence of asbestos in any product or item or in or upon any property, premises, or facility.

(vi) Sellers and Target have furnished to Buyer all environmental audits, reports, and other material environmental documents relating to Target's or its respective predecessors' or Affiliates' past or current properties, facilities, or operations that are in their possession, custody, or under their reasonable control.

(aa) *Business Continuity.* None of the computer software, computer hardware (whether general or special purpose), telecommunications capabilities (including all voice, data and video networks) and other similar or related items of automated, computerized, and/or software systems and any other networks or systems and related services that are used by or relied on by Target in the conduct of their Business (collectively, the "*Systems*") have experienced bugs, failures, breakdowns, or continued substandard performance in the past twelve (12) months that has caused any substantial disruption or interruption in, or to the use of, any such Systems by Target. Target is covered by business interruption insurance in scope and amount customary and reasonable to ensure the ongoing business operations of Target's Business.

(bb) *Certain Business Relationships with Target.* Other than as disclosed on Sellers' Disclosure Schedule 4(bb), none of the Sellers, their Affiliates or Target's directors, officers, employees, and shareholders has been involved in any material business arrangement or relationship with Target within the past twelve (12) months, and none of the Sellers, their Affiliates or Target's directors, officers, employees, and shareholders owns any asset, tangible or intangible, that is used in the Business of Target.

(cc) *Intentionally Omitted.*

(dd) *Customers and Suppliers.*

(i) Sellers' Disclosure Schedule 4(dd)(i) lists the top 80% of billed customers of Target by revenue for each of calendar years 2014 and 2015 (through November 2015) and sets forth opposite the name of each such customer the net sales to such customer.

None of those 2015 top customers has indicated that it will stop or materially decrease its purchases of services from Target except for those (if any) set forth in a separate list in Sellers Disclosure Schedule 4(dd) (i) with the heading "Customers Decreasing Business with Paladin."

(ii) Sellers' Disclosure Schedule 4(dd)(ii) sets forth the following by customer for September, October, November and projected December 2015: (i) revenue, (ii) average spread, (iii) average bill rate, and (iv) the billable headcount.

(iii) Since the date of the Most Recent Balance Sheet, no supplier of Target has indicated that it shall stop, or materially decrease the rate of, supplying materials, products or services to Target.

(ee) *Data Privacy.* Target's business has complied with and, as presently conducted and as presently proposed to be conducted, is in compliance with, all Data Laws except, in each case, to the extent that a failure to comply would not have a Material Adverse Effect. Target has complied with, and is presently in compliance with, its policies applicable to data privacy, data security, and/or personal information except, in each case, to the extent that a failure to comply would not have a Material Adverse Effect. Target has not experienced any incident in which personal information or other sensitive data was or may have been stolen or improperly accessed, and Target is not aware of any facts suggesting the likelihood of the foregoing, including without limitation, any breach of security or receipt of any notices or complaints from any Person regarding personal information or other data. Sellers' Disclosure Schedule 4(ee) lists Target's data privacy and security policies and Sellers agree to deliver copies of all such policies to Buyer within ten (10) days from the date of this Agreement.

(ff) *Preferential Status.* There are no contracts with customers that either require the continuation of ownership of the Target by, or permit termination by the customer, due to Target's loss of small business status, woman-owned business status, disadvantaged business status, protégé status, "8(a)" status or other preferential status. Furthermore, there are no contracts that were acquired by the Target due to the Target's preferential status.

(gg) *Disclosure.* The representations and warranties contained in this §4 do not to Sellers' Knowledge contain any untrue statement of a material fact, or omit to state any material fact, necessary in order to make the statements and information contained in this §4 not misleading.

**§4A. Representations and Warranties Concerning GEE Shares.**

(a) *Sellers' Representations and Warranties Concerning GEE Shares.* Sellers, and each Seller, represent and warrant to Buyer that the statements contained in this §4A(a) are correct and complete as of the date of this Agreement.

(i) *Access to Information.* Each Seller understands that an investment in the GEE Shares involves a high degree of risk and long term or permanent illiquidity, including, risk of loss of their entire investment. Sellers have been given full and complete access to the Buyer for the purpose of obtaining such information as each Seller or that Seller's qualified representative has reasonably requested in connection with the decision to acquire the GEE Shares. The Sellers have received and reviewed copies of the Public Reports. The Sellers have been afforded the opportunity to ask questions of the officers of the Buyer regarding its business prospects, all as each Seller (or that Seller's investor's representatives) has deemed necessary to make an informed investment decision to purchase the GEE Shares.

(ii) *Restricted Securities.* (A) Sellers have been advised that none of the GEE Shares have been registered under the Securities Act or any other applicable securities laws. Sellers acknowledge that the GEE Shares will be issued as "restricted securities" as defined by Rule 144 promulgated pursuant to the Securities Act. None of the GEE Shares may be resold in the absence of an effective registration thereof under the Securities Act and applicable state securities laws unless, in the opinion of counsel reasonably satisfactory to the Buyer, an applicable exemption from registration is available; (B) Sellers are acquiring the GEE Shares for each Seller's own account, and not as nominee or agent, for investment purposes only and not with a view to, or for sale in connection with, a distribution, as that term is used in Section 2(11) of the Securities Act, in a manner which would require registration under the Securities Act or any state securities laws; (C) each Seller understands and acknowledges that the certificates representing the GEE Shares will bear substantially the following legend:

"THE SECURITIES EVIDENCED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE LAW, AND NO INTEREST THEREIN MAY BE SOLD, DISTRIBUTED, ASSIGNED, OFFERED, PLEDGED OR OTHERWISE TRANSFERRED UNLESS: (i) THERE IS AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT AND APPLICABLE STATE SECURITIES LAWS COVERING ANY SUCH TRANSACTION INVOLVING SAID SECURITIES; (ii) THE COMPANY RECEIVES AN OPINION OF LEGAL COUNSEL REASONABLY SATISFACTORY TO THE COMPANY STATING THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION; OR (iii) THE COMPANY OTHERWISE SATISFIES ITSELF THAT SUCH TRANSACTION IS EXEMPT FROM REGISTRATION."

and (D) Sellers acknowledge that an investment in the GEE Shares is not liquid and is transferable only under limited conditions. Sellers acknowledge that such securities must be held indefinitely unless they are subsequently registered under the Securities Act or an exemption from such registration is available. Sellers are aware of the provisions of Rule 144 promulgated under the Securities Act ("*Rule 144*"), which permits limited resale of restricted securities subject to the satisfaction of certain conditions and that Rule 144 is not now available and, in the future, may not become available for resale of any of the GEE Shares.

(iii) *Sellers' Sophistication and Ability to Bear Risk of Loss.* Each Seller is an Accredited Investor as that term is defined in Regulation D of the Securities Exchange Act, and is able to protect its interests in connection with the acquisition of the GEE Shares and can bear the economic risk of investment in such securities without producing a material adverse change in each respective Seller's financial condition. Each Seller, either alone or with Sellers' Representative, otherwise has such knowledge and experience in financial or business matters that said Seller is capable of evaluating the merits and risks of the investment in the GEE Shares.

(b) *Buyer's Representations and Warranties Concerning GEE Shares.* Buyer represents and warrants to Sellers that the statements contained in this §4A(b) are correct and complete as of the date of this Agreement, except as set forth in the Buyer's Disclosure Schedules accompanying this Agreement and initialed by the Parties. The Buyer's Disclosure Schedules will be arranged in sections corresponding to the lettered and numbered sections contained in this §4A(b).

(i) *Capitalization.* The Buyer's capitalization is set forth in the Public Reports.

(ii) *Filings with SEC.* To Buyer's Knowledge, Buyer has made all filings with SEC that it has been required to make within the past two (2) years under the Securities Act and the Securities Exchange Act (collectively the "*Public Reports*"). To Buyer's knowledge, as of the time it was filed with the SEC (or, if amended or superseded by a filing prior to the date of this Agreement) each of the Public Reports: (i) has complied with the Securities Act and the Securities Exchange Act in all material respects; and (ii) does not contain any untrue statement of a material fact or omitted to state a material fact necessary in order to make the statements made therein, in light of the circumstances under which they were made, not misleading. Buyer has made available to Seller, through the SEC's "*EDGAR System*," a correct and complete copy of each Public Report.

(iii) *Financial Statements.* Buyer has filed quarterly reports on Form 10-Q for the fiscal quarter ended June, 2015 (the "*Most Recent Fiscal Quarter End*"), and an annual report on Form 10-K for the fiscal year ended December 31, 2014. The financial statements included in or incorporated by reference into these Public Reports (including the related notes and schedules) have been prepared in accordance with GAAP throughout the periods covered thereby, and present fairly the financial condition of Buyer and its Subsidiaries as of the indicated dates and the results of operations of Buyer and its Subsidiaries for the indicated periods; provided, however, that the interim statements are subject to normal year-end adjustments.

(iv) *Events Subsequent to Most Recent Fiscal Quarter End.* To Buyer's Knowledge, since the Most Recent Fiscal Quarter End, there has not been any Material Adverse Change.

**§5. *Certain Closing Covenants.*** The Parties agree as of Closing as follows:

(a) *Notices and Consents.* Sellers have caused Target to give any notices to third-parties, and obtained any third-party consents referred to in §4(m)(iii) above, the Lease Consents, and any authorizations, consents, and approvals of governments and governmental agencies in connection with the matters referred to in §3(a)(ii) and §4(c) above.

(b) *Operation of Business.* Sellers have not caused or permitted Target to engage in any practice, take any action, or enter into any transaction outside the Ordinary Course of Business since the Most Recent Fiscal Month End. Without limiting the generality of the foregoing, Sellers have not since the Most Recent Fiscal Month End caused or permitted Target to (i) declare, set aside, or pay any dividend or make any distribution with respect to its capital stock or redeem, purchase, or otherwise acquire any of its capital stock, except for the Permitted Distributions, (ii) otherwise engage in any practice, take any action, or enter into any transaction of the sort described in §4(h) above (without regard to any disclosures listed on the Sellers' Disclosure Schedules as to 4(h)), (iii) without Buyer's written consent, undertake any transaction or series of transactions which materially increases the amount of Target's Net Working Capital, (iv) incur or increase any Indebtedness outside of the Ordinary Course of Business, or (v) make cash withdrawals, cash expense payments, salary or bonus payments outside of the Ordinary Course of Business.

(c) *Leases.* Sellers have not since the Most Recent Fiscal Month End, caused or permitted any Lease to be amended, modified, extended, renewed or terminated.

(d) *Tax Matters.* Without the prior written consent of Buyer, since the Most Recent Fiscal Month End, Target did not make or change any election, change an annual accounting period, adopt or change any accounting method, file any amended Tax Return, enter into any closing agreement, settle any Tax claim or assessment relating to Target, surrender any right to claim a refund of Taxes, consent to any extension or waiver of the limitation period applicable to any Tax claim or assessment relating to Target, or take any other similar action relating to the filing of any Tax Return or the payment of any Tax, if such election, adoption, change, amendment, agreement, settlement, surrender, consent or other action would have the effect of increasing the Tax liability of Target for any period ending after the Closing Date or decreasing any Tax attribute of Target existing on the Closing Date.

(e) *NYSE MKT Rules.* GEE and Sellers hereby acknowledge and agree, unless and until GEE obtains the affirmative vote of its shareholders pursuant to applicable New York Stock Exchange Market rules and regulations, GEE may only issue up to the Issuance Cap of its common stock to Sellers under the terms of this Agreement and any ancillary agreements. The "Issuance Cap" is a number of shares equal to 19.99% of the total shares of GEE common stock issued and outstanding on the date specified by the New York Stock Exchange. The Issuance Cap is subject to adjustment for stock splits, stock combinations, recapitalizations, and reorganizations.

In the event GEE's issuance of common stock under this Agreement reaches the Issuance Cap, GEE will use its reasonable best efforts to obtain the above referenced shareholder approval to issue any additional shares above the Issuance Cap as are required pursuant to the terms of this Agreement.

Furthermore, GEE and Sellers acknowledge and agree that prior to GEE issuing the GEE Shares, that GEE must obtain consent for listing the GEE Shares on the New York Stock Exchange, which consent GEE agrees to use its reasonably best efforts to obtain.

**§6. Post-Closing Covenants.** The Parties agree as follows with respect to the period following the Closing:

(a) *General.* In case at any time after the Closing any further actions are necessary to carry out the purposes of this Agreement, each of the Parties will take such further actions (including the execution and delivery of such further instruments and documents) as any other Party may reasonably request, all at the sole cost and expense of the requesting Party (unless the requesting Party is entitled to indemnification therefor under §8 below). Sellers acknowledge and agree that, from and after the Closing Buyer will be entitled to possession of all documents, books, records (including tax records), agreements, insurance policies, title documents, and financial data of any sort relating to Target.

(b) *Litigation Support.* In the event and for so long as any Party actively is contesting or defending against any action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand in connection with:

(i) any transaction contemplated under this Agreement; or

(ii) any fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction on or prior to the Closing Date involving Target,

Each of the other Parties will cooperate with him, her, or it and his, her, or its counsel in the contest or defense, make available his, her, or its personnel, and provide such testimony and access to his, her, or its books and records as shall be necessary in connection with the contest or defense, all at the sole cost and expense of the contesting or defending Party (unless the contesting or defending Party is entitled to indemnification therefor under §8 below).

(c) *Transition.* No Seller shall take any action that is designed or intended to have the effect of discouraging any lessor, licensor, customer, supplier, or other business associate of Target from maintaining the same business relationships with Target after the Closing as it maintained with Target prior to the Closing.

(d) *Confidentiality.* Sellers will treat and hold as such all of the Confidential Information, refrain from using any of the Confidential Information except in connection with this Agreement, and deliver promptly to Buyer or destroy, at the request and option of Buyer, all tangible embodiments (and all copies) of the Confidential Information that are in his, her, or its possession. In the event that any Seller is requested, or required pursuant to oral or written question or request, for information or documents in any legal proceeding, interrogatory, subpoena, civil investigative demand, or similar process to disclose any Confidential Information, that Sellers will notify Buyer promptly of the request or requirement so that Buyer may seek an appropriate protective order or waive compliance with the provisions of this §6(d). If, in the absence of a protective order or the receipt of a waiver hereunder, any Sellers is, on the advice of counsel, compelled to disclose any Confidential Information to any tribunal or else stand liable for contempt, that Sellers may disclose the Confidential Information to the tribunal; provided, however, that Sellers shall use their reasonable best efforts to obtain, at the reasonable request of Buyer, an order or other assurance that confidential treatment will be accorded to such portion of the Confidential Information required to be disclosed as Buyer shall designate.

(e) *Covenant Not to Compete.* At the Closing, each Seller shall enter into a Covenant not to Compete in the form of **Exhibit G** attached hereto (the "*Sellers' Non-Competition Agreement*").

(f) *Filing of Reports.* From the Closing Date until the first anniversary of the Closing Date, so long as the Sellers own, collectively, fifty one percent (51%) of the GEE Shares acquired hereby, the Buyer shall file on a timely basis, any and all Public Reports or amendments thereto, as it is required to file in order to remain fully current with all of its reporting obligations under the Securities Exchange Act so as to enable sales without resale limitations, pursuant to Rule 144, as amended ("*Rule 144 Sales*"). The Buyer shall pay for all opinions or similar letters to its transfer agent, as well as pay for all transfer agent costs, relating to the removal of the Rule 144 restrictive legend on share certificates representing the GEE Shares. For the avoidance of doubt, all references herein to filings to be made on a "timely basis" shall include and mean, any extension periods permissible under Rule 12b-25 of the Securities Exchange Act, provided that the Buyer has complied with such rule, but not beyond said extension date.

(g) *Sellers' Piggyback Registration Rights.* If at any time during the period from the Closing Date until the second anniversary of the Closing Date, the Buyer shall determine to file with the Securities and Exchange Commission (the "*SEC*") a Registration Statement relating to an offering for its own account or the account of others of any of its equity securities (other than on Form S-4 or Form S-8 or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans and other than the Form S-1 currently subject to the SEC review), the Buyer shall send each of the Sellers written notice of such determination and, if within fifteen (15) business days after the date of such notice, the Sellers shall so request in writing, the Buyer shall include in such Registration Statement all or any part of the GEE Shares that Sellers request to be registered, except that if, in connection with any underwritten public offering for the account of the Buyer the managing underwriter(s) thereof shall impose a limitation on the number of shares of Common Stock which may be included in the Registration Statement because, in such underwriter(s)' judgment, marketing or other factors dictate such limitation is necessary to facilitate public distribution, then the Buyer shall be obligated to include in such Registration Statement only such limited portion of the GEE Shares with respect to which the Sellers have requested inclusion hereunder as the underwriter shall permit. Any exclusion of GEE Shares shall be made on a pro rata basis with exclusions of any other issued and outstanding shares of the Buyer's common stock proposed to be included in such underwritten public offering. If an offering in connection with which any Sellers are entitled to registration under this §6(g) is an underwritten offering, then such Seller shall, unless otherwise agreed by the Buyer, offer and sell such shares in an underwritten offering using the same underwriter or underwriters and on the same terms and conditions as other shares of Common Stock included in such underwritten offering.

(h) *Restriction or Transfer of GEE Shares.* Sellers shall not transfer, assign or convey the Issued Shares within twelve (12) months of issuance of those shares. The Stock Certificate for those shares shall bear a legend to that effect.

(i) *Auditable Financials*. Sellers represent, warrant and covenant to Buyer that the Target has the necessary records and documents for auditable financial statements by a certified public accounting firm.

\*\*\*Remainder of Page Intentionally Blank – Agreement Text Continues on Following Page\*\*\*

**§7. Deliveries at Closing.**

(a) *Closing Deliveries of Sellers.*

(i) Sellers shall have obtained and delivered to Buyer the resignations, effective as of the Closing, of each director and officer of Target, and of each Seller individually, as applicable, from all offices and positions with Target;

(ii) Sellers shall have caused Target to obtain and deliver to Buyer a written consent for a change in control of the Target with respect to any Leases that contain a prohibition on Change of Control, and, if requested by Buyer's Lender (if applicable) in connection with any Material Leased Real Property, a waiver of landlord liens, collateral assignment of lease or leasehold mortgage from the landlord or other party whose consent thereto is required under such Lease (the "*Lease Consents*"), in form and substance satisfactory to Buyer and (if applicable) Buyer's Lender;

(iii) Sellers shall have caused Target to obtain and deliver to Buyer an estoppel certificate with respect to each of the Leases, dated no more than thirty (30) days prior to the Closing Date, from the other party to such Lease, in form and substance satisfactory to Buyer (the "*Estoppel Certificates*");

(iv) Sellers shall have each entered into a release with Buyer and Target in the form attached hereto as **Exhibit F** ("*Sellers' Release*"), and such release shall be in full force and effect as of the Closing;

(v) each Seller shall have entered into a Sellers' non-competition agreement with Buyer, in the form attached hereto as **Exhibit G** ("*Sellers' Non-Competition Agreement*") and such agreements shall be in full force and effect as of the Closing;

(vi) Enoch S. Timothy shall have entered into a transition services agreement with Target in the form attached hereto as **Exhibit H**, as applicable ("*Mr. Timothy's Agreement*") and such agreement shall be in full force and effect as of the Closing;

(vii) Waiver of Right of Offer/First Refusal (under Articles of Incorporation of Target) executed by each Seller and by Target in form reasonably satisfactory to Buyer;

(viii) Intentionally Omitted;

(ix) Buyer shall have received from counsel to Sellers an opinion in form and substance as set forth in **Exhibit J** attached hereto ("*Target's and Sellers' Counsel Opinion Letter*"), addressed to Buyer and on which Buyer's Lender shall be entitled to rely, and dated as of the Closing Date;

(x) Sellers shall have delivered to Buyer copies of the certificates of incorporation or organization of Target, certified on or soon before the Closing Date by the Secretary of State (or comparable officer) of the jurisdiction of Target's incorporation;

(xi) Sellers shall have delivered to Buyer copies of the certificate of good standing of Target, issued on or soon before the Closing Date by the Secretary of State (or comparable officer) of the jurisdiction of Target's organization and of each jurisdiction in which Target is qualified to do business;

(xii) Sellers shall have delivered to Buyer a Subordination Agreement between Sellers and Buyer's Lender (as defined below) that is in form and substance satisfactory to Buyer's Lender; and

(xiii) Sellers shall have delivered to Buyer a certificate of the secretary or an assistant secretary of Target, dated the Closing Date, in form and substance reasonably satisfactory to Buyer, as to: (i) the certificate of incorporation of Target and any amendments to the certificate of incorporation of Target and any amendments thereto;(ii) the bylaws of the Target, and if applicable of Sellers (if a corporate entity); and (iii) any resolutions of the board of directors (or a duly authorized committee thereof) of the Target, relating to this Agreement and the transactions contemplated hereby.

(b) *Closing Deliveries of Buyer.*

(i) Buyer shall have entered into the Sellers' Release and such release shall be in full force and effect as of the Closing;

(ii) Intentionally Omitted;

(iii) Intentionally Omitted;

(iv) Buyer shall have entered into the Sellers' Non-Competition Agreement, and such agreement shall be in full force and effect as of the Closing;

(v) Buyer shall have entered into Mr. Timothy's Agreement and such agreement shall be in full force and effect as of the Closing;

(vi) Intentionally Omitted;

(vii) Intentionally Omitted;

(viii) Buyer shall have obtained from Buyer's Lender a consent to the transactions contemplated by this Agreement including (A) the acquisition of Target, (B) the issuance of the Promissory Notes by Buyer; and

(ix) Buyer shall have delivered to Sellers a certificate of the secretary or an assistant secretary of Buyer, dated the Closing Date, in form and substance reasonably satisfactory to Sellers, as to: (i) the certificate of incorporation of Buyer and any amendments to the certificate of incorporation of Buyer; (ii) the bylaws of the Buyer; and (iii) authorizing resolutions of the board of directors (or a duly authorized committee thereof) of the Buyer relating to this Agreement and the transactions contemplated hereby.

**§8. Remedies for Breaches of This Agreement.**

(a) *Survival of Representations and Warranties.* The "*Fundamental Representations and Warranties*" of Sellers are the representations and warranties of Sellers in §3 and the following representations and warranties of Sellers in §4: 4(a) *Organization, Qualification and Corporate Power*; 4(b) *Capitalization*; 4(c) *Non-contravention*; 4(e) *Title to Assets*; 4(i) *Undisclosed Liabilities*; 4(k) *Tax Matters*; and 4(x) *Employee Benefits*. All representations and warranties of Sellers that are not Fundamental Representations and Warranties are the "*Non-Fundamental Representations and Warranties*." All representations and warranties of the Parties survive the Closing. The Non-Fundamental Representations and Warranties shall survive the Closing hereunder (even if Buyer knew or had reason to know of any misrepresentation or breach of warranty at the time of Closing) and continue in full force and effect until the date that is twenty-four (24) months after the Closing. All of the other representations and warranties of the Parties contained in this Agreement (including the other representations and warranties of the Parties contained in §3 and §4A above and the Fundamental Representations and Warranties) shall survive the Closing (even if the damaged Party knew or had reason to know of any misrepresentation or breach of warranty at the time of Closing) and continue in full force and effect until that date that is thirty (30) days following the expiration of the applicable statutes of limitations (including any extension thereto). The covenants and agreements of the Parties shall survive the Closing in accordance with their terms.

(b) *Indemnification Provisions for Buyer's Benefit.* In the event Sellers breach any of Sellers' representations, warranties, covenants or agreements contained herein, and provided that Buyer makes a written claim for indemnification against Sellers pursuant to §11(h) below within the applicable survival period (in §8(a) above) if there is an applicable survival period pursuant to §8(a) above), then Sellers shall be obligated to indemnify Buyer from and against the entirety of any Adverse Consequences Buyer may suffer (including any Adverse Consequences Buyer or Target may suffer after the end of any applicable survival period) resulting from, arising out of, relating to, in the nature of, or caused by the breach. If Sellers fail to indemnify Buyer after Buyer delivers written notice as provided above, then Buyer shall have the right to bring an action for indemnification for such claim including after the end of the applicable survival period. Provided, however:

(i) Sellers shall not have any obligation to indemnify Buyer for a breach of any of the Non-Fundamental Representations and Warranties of Sellers until Buyer (or Target) has suffered Adverse Consequences by reason of all such breaches (of those Non-Fundamental Representations and Warranties), in the aggregate, in excess of Forty Thousand Dollars (\$40,000) ("*Indemnification Basket*") after which point Sellers will be obligated to indemnify Buyer from and against all such Adverse Consequences as provided herein in their totality including the Indemnification Basket amount (i.e.; as incurred, from and including the "first dollar" of such consequences);

(ii) (A) there will be an aggregate ceiling ("*Indemnification Ceiling*") on the obligation of Sellers to indemnify Buyer from and against Adverse Consequences resulting from, arising out of, relating to, in the nature of, or caused by breaches of any of the Non-Fundamental Representations and Warranties of Sellers; such Indemnification Ceiling being an amount equal to Four Million Dollars (\$4,000,000); and

(c) *Intentionally Omitted.*

(d) *Indemnification Provisions for Sellers' Benefit.* In the event Buyer breaches any of its representations, warranties, covenants or agreements contained herein, and provided that Sellers make a written claim for indemnification against Buyer pursuant to §11(h) below within the applicable survival period (in §8(a) above) then Buyer agrees to indemnify Sellers from and against the entirety of any Adverse Consequences suffered (including any Adverse Consequences suffered after the end of any applicable survival period) resulting from, arising out of, relating to, in the nature of, or caused by the breach. If Buyer fails to indemnify Sellers after Sellers deliver written notice as provided above, then Sellers shall have the right to bring an action for indemnification for such claim including after the end of the applicable survival period.

(e) *Indemnification Deductible Effect on 'Materiality' Qualifiers.* For purposes of this §8, any breach of or inaccuracy in any representation or warranty (other than the first sentence of §4(h)), to the extent an particular indemnification obligation is subject to the Indemnification Basket above, shall be determined without regard to any materiality, Material Adverse Effect or other similar qualification contained in or otherwise applicable to such representation or warranty.

(f) *Matters Involving Third-Parties.*

(i) If any third-party notifies either Party (the "*Indemnified Party*") with respect to any matter (a "*Third-Party Claim*") that may give rise to a claim for indemnification against the other Party (the "*Indemnifying Party*") under this §8 or under §8A, then the Indemnified Party shall promptly notify the Indemnifying Party thereof in writing; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party shall relieve the Indemnifying Party from any obligation hereunder unless (and then solely to the extent) the Indemnifying Party is thereby prejudiced.

(ii) Any Indemnifying Party will have the right to assume the defense of the Third-Party Claim with counsel of his, her, or its choice reasonably satisfactory to the Indemnified Party at any time within fifteen (15) days after the Indemnified Party has given notice of the Third-Party Claim; provided, however, that the Indemnifying Party must conduct the defense of the Third-Party Claim actively and diligently thereafter in order to preserve the rights and defenses of the Indemnified Party; and provided further that the Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in the defense of the Third-Party Claim.

(iii) So long as the Indemnifying Party has assumed, and is conducting the defense of the Third-Party Claim in accordance with §8(f)(ii) above, (A) the Indemnifying Party will not consent to the entry of any judgment on or enter into any settlement with respect to the Third-Party Claim without the prior written consent of the Indemnified Party (not to be unreasonably withheld) unless the judgment or proposed settlement involves only the payment of money damages by the Indemnifying Party and does not impose an injunction or other equitable relief upon the Indemnified Party, and (B) the Indemnified Party will not consent to the entry of any judgment on or enter into any settlement with respect to the Third-Party Claim without the prior written consent of the Indemnifying Party (not to be unreasonably withheld).

(iv) In the event that the Indemnifying Party does not assume and conduct the defense of the Third-Party Claim in accordance with §8(f)(ii) above, however, (A) the Indemnified Party may defend against, and consent to the entry of any judgment on or enter into any settlement with respect to, the Third-Party Claim in any manner he, her, or it may reasonably deem appropriate (and the Indemnified Party need not consult with, or obtain any consent from, any Indemnifying Party in connection therewith), and (B) the Indemnifying Party will remain responsible for any Adverse Consequences the Indemnified Party may suffer resulting from, arising out of, relating to, in the nature of, or caused by the Third-Party Claim to the fullest extent provided in this §8.

(g) *Determination of Adverse Consequences.* Indemnification payments under this §8, and §8A and §9 (below), shall be paid by the Indemnifying Party without reduction for any Tax Benefits available to the Indemnified Party. The Parties shall make appropriate adjustments for insurance coverage and take into account the time cost of money (using the Applicable Rate as the discount rate) in determining Adverse Consequences for purposes of this §8 and §8A. All indemnification payments under this §8, §8A and §9 (below) shall be deemed adjustments to the Purchase Price.

(h) *Exclusive Remedy.* Buyer and Sellers acknowledge and agree that the indemnification provisions in this §8, and in §8A and §9 (below), shall be the exclusive remedy of Buyer and Sellers against each other with respect to breaches of the representations, warranties, covenants and agreements contained in this Agreement and the transactions contemplated by this Agreement, with the exception of claims for fraud and the right to equitable relief such as specific performance or injunctive relief. Sellers hereby agree that they will not make any claim for indemnification against Target or Buyer by reason of the fact that they were a director, officer, employee, or agent of any such entity or was serving at the request of any such entity as a partner, trustee, director, officer, employee, or agent of another entity (whether such claim is for judgments, damages, penalties, fines, costs, amounts paid in settlement, losses, expenses, or otherwise and whether such claim is pursuant to any statute, charter document, bylaw, agreement, or otherwise) with respect to any action, suit, proceeding, complaint, claim, or demand brought by Buyer against Sellers (whether such action, suit, proceeding, complaint, claim, or demand is pursuant to this Agreement, applicable law, or otherwise).

**§8A. Special Indemnities.** (a) Sellers shall indemnify Buyer from and against the entirety of any Adverse Consequences (affecting Buyer or Target) resulting from, arising out of or relating to any and all liabilities of Target (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due, including any liability for taxes), except for: (i) liabilities included and described in the Most Recent Balance Sheet (rather than in any notes thereto); (ii) those liabilities that have arisen since the Most Recent Fiscal Month End in the Ordinary Course of Business; and (iii) those liabilities set forth with specificity on Disclosure Schedule 4(i). (b) Sellers shall indemnify Buyer from and against the entirety of any Adverse Consequences (affecting Buyer or Target) resulting from, arising out of or relating to Target listing, depicting or representing on its Tax Returns and/or Financial Statements that Target owned real property that was actually not owned by Target.

#### **§9. Tax Matters.**

The following provisions shall govern the allocation of responsibility as between Buyer and Sellers for certain Tax matters following the Closing Date:

(a) *Tax Indemnification.* Sellers shall indemnify Target and Buyer and hold them harmless from and against: (i) all Income and other Taxes (or the non-payment thereof) of Target for all taxable periods ending on or before the Closing Date and the portion through the end of the Closing Date for any taxable period that includes (but does not end on) the Closing Date ("*Pre-Closing Tax Period*"); (ii) any and all Income and other Taxes of any member of an affiliated, consolidated, combined, or unitary group of which Target (or any predecessor) is or was a member on or prior to the Closing Date, including pursuant to Treasury Regulation §1.1502-6 or any analogous or similar state, local, or non-U.S. law or regulation; and (iii) any and all Income and other Taxes of any person (other than Target) imposed on Target as a transferee or successor, by contract or pursuant to any law, rule or regulation, which Taxes relate to an event or transaction occurring before the Closing.

If Taxes were reserved for on the face of the Most Recent Balance Sheet as current liabilities that reduced the Purchase Price under §2(a)(iii) (above), then for purposes of the indemnification under above clauses (i), (ii) and (iii), the Sellers shall be credited with the applicable reduction in Purchase Price resulting therefrom to the extent that would result in a duplication in payment by Sellers. For example purposes only, if there were a current liability for Taxes on the Most Recent Balance Sheet of \$10,000, which reduced the Purchase Price under §2(a)(iii); then Sellers shall be credited with paying that through the reduction in Purchase Price.

The foregoing indemnification obligation includes without limitation Sellers indemnifying Buyer against and to the extent of any liability of Target arising (x) because of Target's misclassification of employees as Form 1099 'independent contractors,' (y) failing to withhold or pay any Taxes relating to employees by Target, or (z) relating to any persons engaged (directly or indirectly) by the Target as Form 1099 'independent contractors' but for which W-2 filings and Tax treatment by Target for classification as an 'employee' and applicable Tax payments and withholdings by the Target as employer was, or is subsequently determined to be, required by law. Sellers shall reimburse Buyer for any Taxes of Target that are the responsibility of Sellers pursuant to this §9(a) within fifteen (15) Business Days after payment of such Taxes by Buyer or Target.

(b) *Straddle Period.* In the case of any taxable period that includes (but does not end on) the Closing Date (a "Straddle Period"), the amount of any Income Taxes for the Pre-Closing Tax Period shall be determined based on an interim closing of the books as of the close of business on the Closing Date (and for such purpose, the taxable period of any partnership or other pass-through entity in which Target holds a beneficial interest shall be deemed to terminate at such time).

(c) *Responsibility for Filing Tax Returns.* Buyer shall prepare or cause to be prepared and file or cause to be filed all Tax Returns for Target for all periods ending on or prior to the Closing Date that are filed after the Closing Date. Buyer shall permit Sellers to review and comment on each such Tax Return described in the preceding sentence prior to filing and shall make all changes as are reasonably requested by Seller. To the extent permitted by applicable law, Sellers shall include any income, gain, loss, deduction or other tax items for such periods on Sellers' Tax Return in a manner consistent with the Schedule K-1 prepared by Target for such periods.

(d) *Refunds and Tax Benefits.* Any Income Tax refunds that are received by Buyer or Target, and any amounts credited against Income Tax to which Buyer or Target become entitled, that relate to Income Tax periods or portions thereof ending on or before the Closing Date shall be for the account of Sellers, and Buyer shall pay over to Sellers any such refund or the amount of any such credit within fifteen (15) Business Days after receipt or entitlement thereto. In addition, to the extent that a claim for refund or a proceeding results in a payment or credit against Income Tax by a taxing authority to Buyer or Target of any amount accrued on the Most Recent Balance Sheet, Buyer shall pay such amount to Sellers within fifteen (15) Business Days after receipt or entitlement thereto.

(e) *Cooperation on Tax Matters.*

(i) Buyer, Target and Sellers shall cooperate fully, as and to the extent reasonably requested by the other Party, in connection with the filing of Tax Returns and any audit, litigation or other proceeding with respect to Taxes. Such cooperation shall include the retention and (upon the other Party's request) the provision of records and information reasonably relevant to any such audit, litigation, or other proceeding and making employees available on a mutually convenient basis to provide additional information and explanation of any material provided hereunder. Target, Sellers and Buyer agree: (A) to retain all books and records with respect to Tax matters pertinent to Target relating to any taxable period beginning before the Closing Date until expiration of the statute of limitations (and, to the extent notified by Buyer or Sellers, any extensions thereof) of the respective taxable periods, and to abide by all record retention agreements entered into with any taxing authority; and (B) to give the other Party reasonable written notice prior to transferring, destroying or discarding any such books and records and, if the other party so requests, Target or Sellers, as the case may be, shall allow the other Party to take possession of such books and records.

(ii) Buyer and Sellers further agree, upon request, to use their best efforts to obtain any certificate or other document from any governmental authority or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including with respect to the transactions contemplated hereby).

(f) *Intentionally Omitted.*

(g) *Certain Taxes and Fees.* All transfer, documentary, sales, use, stamp, registration and other such Taxes and fees (including any penalties and interest) incurred in connection with this Agreement and the transactions contemplated herein shall be paid by Sellers when due, and the Party required by applicable law shall file all necessary Tax Returns and other documentation with respect to all such transfer, documentary, sales, use, stamp, registration and other Taxes and fees, and, if required by applicable law, the other Party/Parties shall, and shall cause their Affiliates to, join in the execution of any such Tax Returns and other documentation. The expense of such filings shall be paid one-half by Buyer and one-half by Sellers.

**§10. Section 338(h)(10) Election.** At Buyer's option, Target and Sellers shall join with Buyer in making an election under Section 338(h)(10) (and any corresponding election under state and local tax law), in accordance with the following provisions.

(a) *Buyer's Payment to Sellers for Costs of Section 338(h)(10) Election as Additional Consideration for Target Shares.* As additional consideration for the purchase of the Target Shares under this Agreement, and in consideration for the agreement of Sellers to make the Section 338(h)(10) Election pursuant to subsection (e) (below), Buyer shall pay to the Sellers such amount as is required to cause Sellers to be in the same after-tax economic position with respect to the sale of the Target Shares in which they would have been if the Section 338(h)(10) Election not been made (the "*Section 338 Price Increase*"). The Parties agree that any payment among the Parties in respect of the amount of Section 338 Price Increase (other than interest thereon) shall be deemed to be an adjustment in the amount of the Purchase Price. Each payment by Buyer shall be made when reasonably requested by Sellers, but Buyer is not required to make the payment in advance of ten (10) days prior to the last date on which the applicable Tax amount would be due after taking into account available extensions. Sellers agree to file applicable extensions for the applicable Tax Returns if reasonably requested in writing by Buyer.

(b) *Computation and Payment of Estimated Section 338 Price Increase.* The Target shall cause an accountant of Target's choice other than PricewaterhouseCoopers, LLP (the "*Accountant*") to prepare and deliver to the Parties a computation of the Section 338 Price Increase as soon as practical after December 31, 2015.

(c) *Factors Included in the Section 338 Price Increase.* The Section 338 Price Increase shall take into account, without limitation, the following:

(i) all Taxes imposed on Sellers as a result of the making of the Section 338(h)(10) Election (including Income Taxes on the increases to the Purchase Price required under this Section), to the extent such Taxes exceed the amount of such Taxes that would have been imposed on the Sellers if the Section 338(h)(10) Election had not been made with respect to the acquisition of the Target Shares hereunder; and

(ii) all other reasonable costs incurred by Sellers as a result of the Section 338(h)(10) Election, including reasonable costs incurred in connection with review of documents, computations and tax filings or participation in examinations related to the Section 338(h)(10) Election and its consequences (including the computations required under this §10) (the "*Incidental Costs*") subject to a maximum payment to the Accountant of Five Thousand Dollars (\$5,000).

(d) *Assumptions Controlling Computation of Section 338 Price Increase.* The Section 338 Price Increase shall be computed using the following assumptions:

(i) Sellers would have recognized long-term capital gain and no ordinary income on the sale of the Target Shares, except for the amount reasonably allocated by Buyer to the Non-Competition Agreement (and any payments would have been required to be characterized as interest); and

(ii) Sellers have no other installment receivables arising in the year of the Closing which are being reported on the installment method pursuant to Section 453 of the Code.

(e) *Agreement to Make Section 338(h)(10) Election and File Consistently.* Sellers shall join with the Buyer in making an election under Section 338(h)(10) of the Code (and any similar elections under state, local, or foreign tax law) (collectively, a "*Section 338(h)(10) Election*") with respect to the purchase and sale of the Target Shares hereunder, provided that the Buyer shall be obligated to pay to Sellers an amount equal to the excess, if any, of Sellers' Section 338 Price Increase computed pursuant to subsection (g)(i) (below) over the estimated Section 338 Price Increase paid pursuant to subsection (b) (above), on or before the applicable dates required in this §10. For Income Tax purposes, Buyer and Sellers will report the stock purchase as a purchase and sale, respectively, of the assets of Target, where such treatment is the required consequence of the Section 338(h)(10) Election. Sellers shall include any income, gain, loss, deduction or other tax items for the taxable period ending on the Closing Date on the Sellers' personal Tax Return in a manner consistent with the Form K-1s (or their equivalent) furnished by Buyer to Sellers.

(f) *Preparation and Filing of Section 338 Forms.*

(i) At least ninety (90) days prior to the latest permissible date for filing the Section 338(h)(10) Election, Buyer shall prepare and submit to Sellers the forms required to be filed to make such election (the "*Section 338 Forms*"). With the submission of such Section 338 Forms, Buyer shall advise Sellers in writing of those actions that Buyer considers necessary and appropriate for the Sellers to take to effect, preserve, or perfect a timely Section 338(h)(10) Election.

(ii) On or prior to the thirtieth (30th) day after Sellers' receipt of any Section 338 Form from Buyer, Sellers shall deliver to Buyer either (A) such executed Section 338 Form and a consent to its filing, or (B) a written notice specifying in reasonable detail all disputed items and the basis therefor. If Buyer and Sellers have been unable to resolve all disputed matters relating to the Section 338 Form within thirty (30) days after Buyer's receipt of the written notice described in clause (B) above, any remaining disputed issues shall be resolved pursuant to the following procedures:

Sellers and Buyer shall submit the issues remaining in dispute (the "*Remaining 338 Disputed Issues*") to PricewaterhouseCoopers, LLP independent public accountants (the "*Independent Accountants*") for resolution applying the principles, policies and practices referred to in this §10. If Remaining 338 Disputed Issues are submitted to the Independent Accountants for resolution (i) Sellers and Buyer shall furnish or cause to be furnished to the Independent Accountants such work papers and other documents and information relating to the disputed issues as the Independent Accountants may request and are available to that party or its agents and shall be afforded the opportunity to present to the Independent Accountants any materials relating to the disputed issues and to discuss the issues with the Independent Accountants, (ii) the determination by the Independent Accountants, as set forth in a notice to be delivered to both Sellers and Buyer within thirty (30) days of the submission to the Independent Accountants of the Remaining 338 Disputed Issues, shall be final, binding and conclusive on the parties and shall be used in the calculation of the Section 338 Price Increase, and (iii) fees and costs incurred for such Independent Accountants as a result of such dispute shall be allocated between Buyer and Sellers in proportion to the respective amounts of the difference between Sellers' calculation of the Remaining 338 Disputed Issues and Buyer's calculation of the Remaining 338 Disputed Issues (the "*Total 338 Disputed Amount*") which are resolved against them. For example, if with respect to the Remaining 338 Disputed Issues, Buyer calculates the Section 338 Price Increase to be \$100x, and Sellers calculate the Section 338 Price Increase to be \$150x (so that the Total 338 Disputed Amount is \$50x); and the Independent Accountants determine that Section 338 Price Increase is \$140x (\$10x is resolved against Sellers, and \$40x is resolved against Buyer), then the fees and expenses of the Independent Accountants would be allocated eighty percent (80%) to Buyer (i.e., \$40x/\$50x) and twenty percent (20%) to Sellers (i.e., \$10x/\$50x).

(iii) Buyer will have the sole responsibility for assuring that the Section 338(h)(10) Election is validly and timely made. Sellers (to the extent so advised by the Buyer pursuant to subsection (f)(i) (above)) and the Buyer shall comply fully with all filing and other requirements necessary to effectuate such Section 338(h)(10) Election on a timely basis and agree to cooperate in good faith with each other in the preparation and timely filing of any Tax Returns required to be filed in connection with the making of such Section 338(h)(10) Election.

(iv) Sellers and Buyer shall use their best efforts to mutually agree upon the initial determination and allocation among the assets of Target of the "aggregate deemed sale price" and "adjusted grossed up basis" (within the meaning of Treas. Regs. Sections 1.338-4 and 1.338-5 respectively), as soon as practicable after December 31, 2015. Such allocation shall be made in accordance with Section 338 of the Code and the regulations thereunder. If Buyer and Sellers are unable to agree upon such determination or allocation within such time period, then such determination and allocation shall be made pursuant to the same procedures set forth in Paragraph 3(c) of **Appendix I**, attached hereto. When finally determined hereunder (whether by agreement or otherwise) such allocation shall be binding upon each of Sellers and Buyer for all purposes (including financial accounting purposes, financial and regulatory reporting purposes and Tax purposes).

*(g) Computation and Payment of Revised Section 338 Price Increase.*

(i) Buyer promptly shall cause the Independent Accountants serving as arbiter to prepare a recomputation of the Section 338 Price Increase upon receipt of written notice from Sellers to Buyer that such a recomputation is necessary to reflect either a change to the income recognized by reason of the Section 338(h)(10) Election (including by reason of a change in the Purchase Price) or a redetermination by a taxing authority of the effect on Sellers of the Section 338(h)(10) Election that is inconsistent with the most recent computations of the Section 338 Price Increase. Subsequent payments between the Parties as a result of any subsequent adjustments to the Section 338 Price Increase amount shall be made within five (5) business days after the date that a revised computation of the Section 338 Price Increase is determined by the arbiter and provided to the Parties.

(ii) In the case of any payment in respect of the Section 338 Price Increase under this §10, Buyer shall pay with such Section 338 Price Increase payment the interest on the amount payable at the rate of six percent (6%) per annum from the Closing Date to the date of payment.

**§11. Miscellaneous.**

*(a) Nature of Sellers' Obligations.*

(i) The representations, warranties, and covenants in this Agreement are joint and several obligations. This means that each Seller shall be responsible to the extent provided in §8 above for the entirety of any Adverse Consequences Buyer may suffer as a result of any breach thereof.

(b) *Press Releases and Public Announcements.* None of the Sellers, the Target, or any officer, employee, representative or agent of the Target, will issue any press release or other public announcement regarding the proposed Agreement. Sellers and Target shall use best efforts to cause Target's employees to not disclose any information about the transaction or confidential GEE information that is non-public or trade in Buyer's stock or disseminate insider information unless approved in advance by Buyer's counsel in writing. Prior to Closing, no clients or employees of either Party will be contacted by the other Party or otherwise informed about a possible transaction unless mutually agreed upon by the Parties. After Closing, no client or employee notifications will be made unless approved in writing by the Buyer. Once Closing has occurred, only the Buyer will make any announcement at its sole discretion. The Buyer will not announce any transaction prior to Closing unless the Parties mutually agree to such disclosure, or it is required to do so as determined by Buyer's counsel because of SEC rules, regulations and interpretations.

(c) *No Third-Party Beneficiaries.* Except as provided in §8 above (as to Target), this Agreement shall not confer any rights or remedies upon any Person other than the Parties and their respective successors and permitted assigns.

(d) *Entire Agreement.* This Agreement (including the documents referred to herein) constitutes the entire agreement among the Parties and supersedes any prior understandings, agreements, or representations by or among the Parties, written or oral, to the extent they relate in any way to the subject matter hereof, subject to the following sentence. The non-disclosure agreement under §11(b) and other obligations under this Agreement supplement, but do not supercede, the non-disclosure obligations set forth in Paragraph 9 of that certain Letter of Intent, dated November 9, 2015, executed Buyer and Sellers agree to comply with that Paragraph 9 and cause their respective employees and agents to comply with those provisions concerning how post-Closing public announcements and disclosures shall be made.

(e) *Succession and Assignment.* This Agreement shall be binding upon and inure to the benefit of the Parties named herein and their respective successors and permitted assigns. No Party may assign either this Agreement or any of his, her, or its rights, interests, or obligations hereunder without the prior written approval of Buyer and Sellers; provided, however, that Buyer may: (i) assign any or all of its rights and interests hereunder to one (1) or more of its Affiliates; and (ii) designate one (1) or more of its Affiliates to perform its obligations hereunder (in any or all of which cases Buyer nonetheless shall remain responsible for the performance of all of its obligations hereunder).

(f) *Counterparts.* This Agreement may be executed in one (1) or more counterparts (including by means of facsimile or email pdf document or signature pages), each of which shall be deemed an original but all of which together will constitute one and the same instrument.

(g) *Headings.* The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

(h) *Notices.* All notices, requests, demands, claims, and other communications hereunder shall be in writing. Any notice, request, demand, claim, or other communication hereunder shall be deemed duly given: (i) when delivered personally to the recipient; (ii) one (1) Business Day after being sent to the recipient by reputable overnight courier service (charges prepaid); (iii) one (1) Business Day after being sent to the recipient by facsimile transmission or electronic mail; or (iv) four (4) Business Days after being mailed to the recipient by certified or registered mail, return receipt requested and postage prepaid, and addressed to the intended recipient as set forth below:

*If to Buyer:*

General Employment Enterprises, Inc.  
Attn: Derek Dewan, CEO  
13500 Sutton Park Drive South, Suite 204  
Jacksonville, Florida 32224

*With a Copy to:*

Averitt & Alford, P.A.  
Attn: Barry C. Averitt, Esq.  
3010 South Third Street, Suite B  
Jacksonville Beach, Florida 32250

*If to Sellers:*

Enoch S. Timothy  
7905 Vale Court  
North Richland Hills, Texas 76182  
&  
Dorothy Timothy  
7905 Vale Court  
North Richland Hills, Texas 76182

*With a Copy to:*

D. Woodard Glenn, P.C.  
Attn: D. Woodard Glenn, Esq.  
2626 Cole Avenue, Suite 510  
Dallas, Texas 75204

Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

(i) *Governing Law, Jurisdiction, Venue and Service of Process.* This Agreement shall be governed by and construed in accordance with the domestic laws of the State of Florida without giving effect to any choice or conflict of law provision or rule (whether of the State of Florida or any other jurisdiction) that would cause the application of the laws of any jurisdiction other than the State of Florida. The Parties agree that the courts of the State of Florida and the federal courts of the United States located in the State of Florida shall have non-exclusive jurisdiction over any dispute, claim or controversy which may arise involving this Agreement or its subject matter. The Parties waive any defense of lack of personal jurisdiction that any of them may have otherwise had to an action brought in Florida. The Parties agree that exclusive venue shall lie solely in the appropriate federal or state court located in Duval County, Florida; provided that this provision shall not prohibit a Party from commencing an action in any court with appropriate jurisdiction for the purpose of enforcing this choice of venue provision, and bringing such an action shall not serve to waive such Party's rights under the choice of venue provision. The Parties irrevocably submit and consent to the above jurisdiction and chosen venue and except as provided herein waive any right they may have to bring or maintain an action in any other jurisdiction or venue or seek any change of jurisdiction or venue or that such venue is inconvenient. The Parties agree that service of process in any proceeding in any such court may be effected by U.S.P.S. certified mail at the addresses as stated herein.

(j) *Amendments and Waivers.* No amendment of any provision of this Agreement shall be valid unless the same shall be in writing and signed by Buyer and Sellers. No waiver by any Party of any provision of this Agreement or any default, misrepresentation, or breach of warranty or covenant hereunder, whether intentional or not, shall be valid unless the same shall be in writing and signed by the Party making such waiver nor shall such waiver be deemed to extend to any prior or subsequent default, misrepresentation, or breach of warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence.

(k) *Severability.* Any term or provision of this Agreement that is invalid or unenforceable in any situation in any jurisdiction shall not affect the validity or enforceability of the remaining terms and provisions hereof, or the validity or enforceability of the offending term or provision in any other situation, or in any other jurisdiction.

(l) *Expenses.* Each Buyer, Seller and Target will bear his, her, or its own costs and expenses (including legal fees and expenses) incurred in connection with this Agreement and the transactions contemplated hereby; provided, however, that (except as provided in §9(g) above) Seller will also bear the cost and expenses of Target (including all of Target's legal fees and expenses) in connection with this Agreement and the transactions contemplated hereby in the event that the transactions contemplated by this Agreement are consummated.

(m) *Construction.* The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the Parties and no presumption or burden of proof shall arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. Any reference to any federal, state, local, or non-U.S. statute or law shall be deemed also to refer to all rules and regulations promulgated thereunder, unless the context requires otherwise. The word "including" shall mean including without limitation.

(n) *Incorporation of Exhibits, Appendices, and Schedules.* The Exhibits, Appendices, and Schedules (including without limitation the respective Parties' Disclosure Schedules) identified in this Agreement are incorporated herein by reference and made a part hereof.

(o) *Governing Language.* This Agreement has been negotiated and executed by the Parties in English. In the event any translation of this Agreement is prepared for convenience or any other purpose, the provisions of the English version shall prevail.

*[Signatures on the following page.]*

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

**"BUYER"**

General Employment Enterprises, Inc., an Illinois corporation

By: \_\_\_\_\_  
Print Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**"SELLERS"**

\_\_\_\_\_  
Enoch S. Timothy, individually

\_\_\_\_\_  
Dorothy Timothy, individually

## EXHIBIT A – DEFINITIONS

"*Accredited Investor*" has the meaning set forth in Regulation D promulgated under the Securities Act.

"*Additional Earnout*" has the meaning set forth in §2(a)(v).

"*Adverse Consequences*" means all actions, suits, proceedings, hearings, investigations, charges, complaints, claims, demands, injunctions, judgments, orders, decrees, rulings, damages, deficiencies, dues, penalties, fines, costs, reasonable amounts paid in settlement, liabilities, obligations, taxes, diminution in value, liens, losses, expenses, and fees, including court costs and reasonable attorneys' fees and expenses (including, as to Buyer, such consequences to the extent suffered or realized by Target as acquired by Buyer). For purposes of indemnification under this Agreement, the term Adverse Consequences shall be determined without regard to any materiality, Material Adverse Effect or other similar qualification.

"*Affiliate*" means: (i) in the case of an individual, the members of the immediate family (including the individual's spouse and the parents, siblings and children of the individual and/or the individual's spouse) and any Business Entity that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, any of the foregoing individuals; or (ii) in the case of a Business Entity, another Business Entity or a person that directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Business Entity.

"*Affiliated Group*" means any affiliated group within the meaning of Code §1504(a) or any similar group defined under a similar provision of state, local, or non-U.S. law.

"*Applicable Rate*" means the corporate base rate of interest publicly announced from time to time by Wells Fargo Bank, N.A.

"*Basis*" means any past or present fact, situation, circumstance, status, condition, activity, practice, plan, occurrence, event, incident, action, failure to act, or transaction that forms, or could form, the basis for any specified consequence.

"*Business*" means the staffing, recruiting, employee placement services business, and all other businesses, as or similar to that engaged in by Target, including but not limited to the following: Information Technology ("IT") staff augmentation and (IT) consulting services, including without limitation relating to contract labor, contingent employment, staff augmentation, permanent placement, temporary or contract to hire, retained search, and vendor management systems and resource process outsourcing, and management service provider.

"*Business Day*" means any day, excluding Saturday, Sunday and any national or Florida state holiday.

"*Business Entity*" means any corporation, partnership, limited liability company, trust or other domestic or foreign form of business association or organization.

"*Buyer*" has the meaning set forth in the preface.

"*Buyer's Disclosure Schedule/Schedules*" has the meaning set forth in §3(b).

"*Buyer's Lender*" means ACF FINCO I, L.P.

"*CERCLA*" has the meaning set forth in §4(z)(iv).

"*Charter*" means the Certificate of Incorporation, Articles of Incorporation or Organization or other organizational document of a corporation or other Business Entity, as amended and restated through the date hereof.

"*Circle Lending Loan Amount*" has the meaning set forth in §2(a)(i).

"*Closing*" has the meaning set forth in §1(c).

"*Closing Cash Payment to Sellers*" has the meaning set forth in §2(a)(i).

"*Closing Date*" has the meaning set forth in §1(c).

"*Closing Net Working Capital*" has the meaning set forth in **Appendix I**.

"*COBRA*" means the requirements of Part 6 of Subtitle B of Title I of ERISA and Code §4980B and of any similar state law.

"*Code*" means the Internal Revenue Code of 1986, and the regulations thereunder, published Internal Revenue Service rulings, and court decisions in respect thereof, all as the same shall be in effect at the time.

"*Compliance*" or words of similar meaning shall mean adherence, in all material respects, to any and all Legal Requirements.

"*Confidential Information*" means any information concerning the Business and affairs of Target that is not already generally available to the public.

"*Data Laws*" means laws, regulations, guidelines, and rules in any jurisdiction (federal, state, provincial, or local) applicable to data privacy, data security, and/or personal information, as well as industry standards applicable to Target.

"*Disclosure Schedule*" or "*Disclosure Schedules*" has the meaning set forth in §4.

"*Earnout*" has the meaning set forth in §2(a)(iv).

"*Employee Benefit Plan*" means any "employee benefit plan" (as such term is defined in ERISA §3(3)) and any other material employee benefit plan, program or arrangement of any kind, including without limitation, each pension, benefit, retirement, supplemental retirement, compensation, employment, consulting, profit-sharing, deferred compensation, incentive, bonus, performance award, phantom equity, stock, stock-based, change in control, retention, severance, salary continuation, accrued leave, sick leave, vacation, paid time off, health, medical, disability, life insurance, accidental death and dismemberment insurance, welfare, fringe benefit and other similar agreement, plan, contract, policy, program, practice or arrangement (and any amendments thereto), in each case whether or not reduced to writing and whether funded or unfunded, whether or not tax-qualified and whether or not subject to ERISA, which is or has been established, maintained, sponsored, contributed to, or required to be contributed to by the Target for the benefit of any current or former employee, officer, director, retiree, independent contractor or consultant of the Company or any spouse or dependent of such individual, or under which the Company has or may have any Liability, or with respect to which Buyer or any of its Affiliates would reasonably be expected to have any liability, contingent or otherwise.

"*Employee Pension Benefit Plan*" has the meaning set forth in ERISA §3(2).

"*Employee Welfare Benefit Plan*" has the meaning set forth in ERISA §3(1).

*"Environmental, Health, and Safety Requirements"* means all federal, state, local, and non-U.S. statutes, regulations, ordinances, and similar provisions having the force or effect of law, all judicial and administrative orders and determinations, and all common law concerning public health and safety, worker health and safety, pollution, or protection of the environment, including all those relating to the presence, use, production, generation, handling, transportation, treatment, storage, disposal, distribution, labeling, testing, processing, discharge, release, threatened release, control, exposure to, or cleanup of any hazardous materials, substances, wastes, chemical substances, mixtures, pesticides, pollutants, contaminants, toxic chemicals, petroleum products or byproducts, asbestos, polychlorinated biphenyls, noise, odor, mold, or radiation.

*"ERISA"* means the Employee Retirement Income Security Act of 1974, and any similar or successor federal statute, and the rules, regulations and interpretations thereunder, all as the same shall be in effect at the time.

*"ERISA Affiliate"* means, for purposes of Title IV of ERISA, any trade or business, whether or not incorporated, that together with Target, would be deemed to be a "single employer" within the meaning of Section 4001 of ERISA, and, for purposes of the Code, any member of any group that, together with Target, is treated as a "single employer" for purposes of Section 414 of the Code.

*"Estoppel Certificates"* has the meaning set forth in §7(a)(iii).

*"Fiduciary"* has the meaning set forth in ERISA §3(21).

*"Financial Statements"* has the meaning set forth in §4(g).

*"Form 1099 Contractors"* means any personnel who are "leased" to customers of Target or whose services are provided to customers of Target including those provided directly or through entities (e.g. corporations) owned by the personnel, who are not treated as being W-2 employees of Target.

*"Fundamental Representations and Warranties"* has the meaning set forth in §8(a).

*"GAAP"* means United States generally accepted accounting principles as in effect from time to time, consistently applied.

*"GEE Common Stock"* means the no par value common stock of GEE.

*"GEE Shares"* has the meaning set forth in §(2)(a)(v).

*"Improvements"* has the meaning set forth in §4(l)(iv).

*"Incidental Costs"* has the meaning set forth in §10(c)(ii)

*"Income Tax"* means any federal, state, local, or non-U.S. Income Tax, including any interest, penalty, or addition thereto, whether disputed or not.

*"Income Tax Return"* means any return, declaration, report, claim for refund, or information return or statement relating to Income Taxes, including any schedule or attachment thereto, and including any amendment thereof.

*"Indebtedness"* means all obligations, contingent or otherwise, whether current or long-term, which in accordance with GAAP would be classified upon the obligor's balance sheet as liabilities (other than deferred taxes) and shall also include capitalized leases, guaranties, endorsements (other than for collection in the ordinary course of business) or other arrangements whereby responsibility is assumed for the obligations of others, including any agreement to purchase or otherwise acquire the obligations of others or any agreement, contingent or otherwise, to furnish funds for the purchase of goods, supplies or services for the purpose of payment of the obligations of others.

"*Indemnification Ceiling*" has the meaning set forth in §8(b)(ii).

"*Indemnification Basket*" has the meaning set forth in §8(b)(i).

"*Indemnified Party*" has the meaning set forth in §8(f)(i).

"*Indemnifying Party*" has the meaning set forth in §8(f)(i).

"*Independent Accountants*" has the meaning set forth in §10(f)(ii).

"*Intellectual Property*" means all of the following in any jurisdiction throughout the world: (a) all inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications, and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions, and reexaminations thereof; (b) all trademarks, service marks, trade dress, logos, slogans, trade names, corporate names, Internet domain names, and rights in telephone numbers, together with all translations, adaptations, derivations, and combinations thereof and including all goodwill associated therewith, and all applications, registrations, and renewals in connection therewith; (c) all copyrightable works, all copyrights, and all applications, registrations, and renewals in connection therewith; (d) all mask works and all applications, registrations, and renewals in connection therewith; (e) all trade secrets and confidential business information (including ideas, research and development, know-how, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals); (f) all computer software (including source code, executable code, data, databases, and related documentation); (g) all material advertising and promotional materials; (h) all other proprietary rights; and (i) all copies and tangible embodiments thereof (in whatever form or medium).

"*Issue Price*" has the meaning set forth in §2(a)(iv).

"*Issued Shares*" has the meaning set forth in §2(a)(iii).

"*Key Employee*" has the meaning set forth in §4(v)(i).

"*Knowledge*," "*Know*," "*Known*" or words of similar meaning shall mean, with respect to Seller, the knowledge of Seller after reasonable investigation.

"*Labor Laws*" has the meaning set forth in §4(w)(iii).

"*Law*" means any federal, state and local laws, statutes, ordinances, rules, regulations and the like, as well as common law, as applicable to the Business or Target. The term "*Law*" includes, without limitation, the following statutes, as amended, and in effect from time to time up to the Closing Date, and any regulations promulgated pursuant thereto, and any state or local statutes, ordinances, rules, regulations and the like addressing similar issues: the Comprehensive Environmental Response, Compensation and Liability Act; the Emergency Planning and Community Right-to-Know Act; the Hazardous Substances Transportation Act; the Resource Conservation and Recovery Act (including but not limited to Subtitle I relating to underground Storage Tanks); the Solid Waste Disposal Act; the Clean Water Act; the Clean Air Act; the Toxic Substances Control Act; and any similar state and local laws, and all amendments thereto, or the by-laws, the rules, regulations and interpretations thereunder, all as the same shall be in effect from time to time.

"*Lease Consents*" has the meaning set forth in §7(a)(ii).

"*Leased Real Property*" means all leasehold or subleasehold estates and other rights to use or occupy any land, buildings, structures, improvements, fixtures, or other interest in real property held by Target.

"Leases" means all leases, subleases, licenses, concessions and other agreements (written or oral), including all amendments, extensions, renewals, guaranties, and other agreements with respect thereto, pursuant to which Target holds any Leased Real Property, including the right to all security deposits and other amounts and instruments held by or on behalf of Target thereunder.

"Lien" or "Liens" means, with respect to any asset, any mortgage, deed of trust, pledge, hypothecation, assignment, security interest, lien, charge, restriction, adverse claim by a third-party, title defect or encumbrance of any kind (including any conditional sale or other title retention agreement, any lease in the nature thereof, any assignment or other conveyance of any right to receive income and any assignment of receivables with recourse against assignor), any filing of any financing statement as debtor under the Uniform Commercial Code or comparable law of any jurisdiction and any agreement to give or make any of the foregoing.

"Material Adverse Effect" or "Material Adverse Change" means any effect or change that would be materially adverse to, or would likely have a material adverse impact or effect on: (a) the business, operations, assets, liabilities, condition or prospects (financial or otherwise) of Target; (b) the ability of the Sellers to perform its obligations under any of the Purchase Documents; (c) the validity or enforceability of any of the Purchase Documents; or (d) the rights and remedies of the Buyer under any of the Purchase Documents.

"Material Leased Real Property" means any Leased Property that is leased by Target at an annual rent in excess of twelve thousand (\$12,000).

"Most Recent Balance Sheet" means the balance sheet contained within the Most Recent Financial Statements.

"Most Recent Financial Statements" has the meaning set forth in §4(g)(ii).

"Most Recent Fiscal Month End" has the meaning set forth in §4(g)(ii).

"Most Recent Fiscal Quarter End" has the meaning set forth in §4A(b)(iii).

"Most Recent Fiscal Year End" has the meaning set forth in §4(g)(i).

"Mr. Timothy's Agreement" has the meaning set forth in §7(a)(vi).

"Multiemployer Plan" has the meaning set forth in ERISA §3(37).

"Necessary Permits" or "Permits" mean all licenses, permits, franchises, orders, approvals, accreditations, written waivers and other governmental and other authorizations as are necessary in order to enable Target (prior to Closing) and Buyer (after Closing) to continue to own, operate and conduct the Business as currently conducted and proposed to be conducted and to occupy and use Target's real and personal properties without incurring any material liability.

"Nonqualified Plan" has the meaning set forth in §4(x)(vi).

"Non-Fundamental Representations and Warranties" has the meaning set forth in §8(a).

"NWC Reduction Amount" has the meaning set forth in §2(a)(iii).

"Ordinary Course of Business" means the ordinary course of business consistent with past custom and practice (including with respect to quantity and frequency).

"Owned Real Property" means all land, together with all buildings, structures, improvements, and fixtures located thereon, and all easements and other rights and interests appurtenant thereto, owned by Target and its Subsidiaries.

"Party" or "Parties" has the meaning set forth in the preface.

"Permitted Distributions" means the distribution of the following prior to Closing:

(i) the loan receivables owing from the Sellers up to \$1,963,464 titled as "Home Office Accounts" on the Most Recent Balance Sheet; and

(ii) domain names containing the name "Woodwind."

"Person" means an individual, a partnership, a corporation, a limited liability company, an association, a joint stock company, a trust, a joint venture, an unincorporated organization, any other business entity, or a governmental entity (or any department, agency, or political subdivision thereof).

"Pre-Closing Tax Period" has the meaning set forth in §9(a).

"Predecessor" means any Person, if any, whose status and activities could give rise to a claim against Buyer or Target as successor in interest to such Person.

"Prohibited Transactions" has the meaning set forth in ERISA §406 and Code §4975.

"Promissory Notes" has the meaning set forth in §2(a)(ii).

"Public Reports" has the meaning set forth in §4A(b)(ii).

"Purchase Documents" means this Agreement and any other certificate, document, instrument, stock power, or agreement executed in connection therewith, and any assignment or other agreement related to the Stock or any purchased assets.

"Purchase Price" has the meaning set forth in §2.

"Real Property" means real property and real estate.

"Real Property Laws" has the meaning set forth in §4(l)(vi).

"Remaining 338 Disputed Issues" has the meaning set forth in §10(f)(ii).

"Rule 144" has the meaning set forth in §4A(a)(ii).

"Rule 144 Date" has the meaning set forth in §2(a)(iv).

"Rule 144 Sales" has the meaning set forth in §6(f).

"EDGAR System" means the Electronic Data Gathering, Analysis, and Retrieval system, which performs automated collection, validation, indexing, acceptance, and forwarding of submissions by companies and others who are required by law to file forms with the U.S. Securities and Exchange Commission.

"SEC" means the Securities and Exchange Commission.

"Section 338 Price Increase" has the meaning set forth in §10(a).

"Section 338(h)(10) Election" has the meaning set forth in §10(e).

"Section 338 Forms" has the meaning set forth in §10(f)(i).

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Sellers," "individually, a Seller" or "each Seller" has the meaning set forth in the preface.

"*Sellers' Disclosure Schedule/Schedules*" has the meaning set forth in §3(a).

"*Sellers' Non-Competition Agreement*" has the meaning set forth in §6(e).

"*Sellers' Release*" has the meaning set forth in §7(a)(iv).

"*Sellers' Representative*" shall mean Enoch S. Timothy.

"*Senior Indebtedness*" means: (i) that(those) certain Loan and Security Agreement between ACF (defined below) and Buyer (and certain others, collectively called 'Borrower' therein) dated September 27, 2013, as amended by a First Amendment effective as of December 31, 2013, a Second Amendment effective as of December 3, 2014, a Third Amendment, Consent and Waiver effective as of April 1, 2015, a Fourth Amendment, Consent and Waiver effective as of June 15, 2015, a Fifth Amendment, Consent and Waiver dated as of August 1, 2015, a Sixth Amendment, Consent and Waiver dated as of September 18, 2015, and a Seventh Amendment, Consent and Waiver dated as of October \_\_\_, 2015, and an Eighth Amendment, Consent and Waiver dated on of about the date hereof, and related Revolving Credit Note by the named 'Borrower' to Senior Lender dated September 27, 2013, and other related documents, agreements and instruments, as amended as of the date hereof evidencing, creating, reflecting or securing a loan, debt or credit arrangement obligations owed by Buyer to ACF FINCO I LP, a limited partnership organized under the laws of the state of Delaware, successor-in-interest to Keltic Financial Partners II, LP ("*ACF*"), together with any extensions, modifications, renewals, amendments and refinancings thereof by the named lender or any alternate lender, including without limitation any of those that increases the amount of the indebtedness; (ii) any debt or loan obligation now or hereafter existing (regardless of amount), entered into, borrowed from or otherwise becoming owed (by Buyer) by agreement to an 'institutional lender' (institutional lender means and includes a federally chartered 'national bank' or 'national association,' a state chartered 'insurance company' or mutual insurance company, or state chartered bank, an investment banking entity or institution, or any other business entities which make commercial loans regularly in their ordinary course of business); (iii) any debt or loan obligation now or hereafter existing (regardless of amount), entered into, borrowed from or otherwise becoming owed by agreement to any corporation, limited liability company, limited partnership or other business entity (including a mezzanine loan lender/creditor which may be a special purchase entity formed for such purpose; (iv) any debt or loan obligation now or hereafter existing, entered into or borrowed from any affiliate of Buyer (including directly or indirectly from Derek Dewan or a director, shareholder of Buyer or family member thereof or business (corporation, limited liability company or other) entity or trust owned thereby, from and after the date hereof in an aggregate principal amount not to exceed \$15,000,000 (not including the amounts of any other Senior Indebtedness); (v) any debt or loan obligation now or hereafter existing, entered into, borrowed from or otherwise becoming owed by agreement to any other lender to the extent such loan 'refinances' or provides substitute or replacement financing of any of the foregoing lenders; and (vi) (in each case) the respective successors and assigns of any such lender.

"*Senior Lenders*" means each of the applicable lenders as described in (i) through (vi) of the definition for "*Senior Indebtedness*" (above).

"*Stock Event*" has the meaning set forth in §2(a)(iv).

"*Straddle Period*" has the meaning set forth in §9(b).

"*Subsidiary(ies)*" means, with respect to any Person: (a) any corporation, association or other entity of which at least a majority in interest of the outstanding capital stock or other Equity Securities having by the terms thereof voting power under ordinary circumstances to elect a majority of the directors, managers or trustees thereof, irrespective of whether or not at the time capital stock or other equity securities of any other class or classes of such corporation, association or other entity shall have or might have power by reason of the happening of any contingency, is at the time, directly or indirectly, owned or controlled by such Person; or (b) any entity (other than a corporation) in which such Person, one or more Subsidiaries of such Person, or such Person and one or more Subsidiaries of such Person, directly or indirectly, at the date of determination thereof, has at least majority ownership interest. For purposes of this Agreement, a Subsidiary of Target shall include the direct and indirect Subsidiaries of Target.

"*SWDA*" has the meaning set forth in §4(z)(iv).

"*Systems*" has the meaning set forth in §4(aa).

"*Target*" has the meaning set forth in the preface.

"*Target's Assets*" has the meaning set forth in §4(h)(iv).

"*Target's and Sellers' Counsel Opinion Letter*" has the meaning set forth in §7(a)(ix).

"*Target Share*" or "*Target Shares*" means any share of the common stock, no par value per share of Target.

"*Target's Net Working Capital*" has the meaning set forth in **Appendix I**.

"*Tax*" or "*Taxes*" means any federal, state, local, or non-U.S. income, gross receipts, license, payroll, employment (including taxes under the Affordable Care Act), excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code §59A), customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

"*Tax Return*" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"*Third-Party Claim*" has the meaning set forth in §8(f)(i).

"*Total 338 Disputed Amount*" has the meaning set forth in §10(f)(ii).

"*WARN Act*" has the meaning set forth in §4(h)(xviii).

"*Written*," "*in writing*" or words of similar meaning shall include any written materials, emails or any other forms of written documentation or communication (including any electronic form).

## APPENDIX I

### (NET WORKING CAPITAL ADJUSTMENT APPENDIX)

1. **DEFINITIONS.** For purposes of this Appendix, the following terms have the meanings specified or referred to in this Paragraph 1:

**Cash and Cash Equivalents** means all cash and cash equivalents, including (i) marketable securities and short term investments, and (ii) uncollected checks issued to the Target and funds in transit to the Target (but only to the extent not already otherwise included in Current Assets), but excluding (iii) uncollected checks issued by the Target and funds in transit from the Target.

**Closing Financial Statements** has the meaning set forth in Paragraph 2 of this Appendix.

**Closing Net Working Capital** means the Net Working Capital of the Target at Closing.

**Current Assets** means the current assets of the Target determined in accordance with GAAP applied on a basis consistent with the Target's audited historical financial statements including the Most Recent Balance Sheet (provided that where the Most Recent Balance Sheet is inconsistent with GAAP, GAAP shall control), including but not limited to the following, in each case without duplication: Cash and Cash Equivalents; accounts receivable, current portion of notes receivable; prepaid expenses; deposits; COBRA receivables and accrued revenue.

**Current Liabilities** means the current liabilities of the Target determined in accordance with GAAP applied on a basis consistent with the Target's audited historical financial statements including the Most Recent Balance Sheet (provided that where the Most Recent Balance Sheet is inconsistent with GAAP, GAAP shall control), including but not limited to the following, in each case without duplication: the outstanding balance of line(s) of credit with bank(s) and other lenders (if any), accounts payable, customer deposits, advances payable, deferred revenue, deferred rent, royalty advances, sales taxes payable, accrued federal tax withholding with respect to payroll, accrued FICA withholding, accrued state tax withholding with respect to payroll, payroll taxes payable, other employee plans payable, salaries and bonuses payable, vacation expense payable, sales commissions payable and health care benefits payable, placement agreements still binding upon Target and under the 'guarantee period.' The parties agree that the entire amounts of the loans from Wells Fargo Lending, L.P. shall be treated as current liabilities as shall any termination fees.

**Example:**

*Current Assets: \$1,000,000*  
*Minus: Current Liabilities: \$1,010,000*  
*Net Working Capital as of Closing Date: (\$10,000)*  
*NWC Reduction Amount: \$10,000*

**Current Portion** means that portion of the projected payments to be received, paid or expenses within the next twelve (12) months following Closing.

*GAAP* has the meaning set forth in **Exhibit A** of the Agreement.

*Independent Accountants* has the meaning set forth in Paragraph 3(c) of this Appendix.

*Most Recent Balance Sheet* has the meaning set forth in **Exhibit A** of the Agreement.

*Net Working Capital* means the Target's Current Assets minus the Target's Current Liabilities.

*NWC Reduction Amount* has the meaning given such term in §2(a)(iv) of the Agreement.

*Objection Statement* has the meaning set forth in Paragraph 3(b) of this Appendix.

*Remaining Disputed Issues* has the meaning set forth in Paragraph 3(c) of this Appendix.

*Total Disputed Amount* has the meaning set forth in Paragraph 3(c) of this Appendix.

**2. BUYER'S CALCULATION OF CLOSING NET WORKING CAPITAL.** Buyer shall prepare financial statements of the Target as of the Closing Date in accordance with GAAP (the "*Closing Date Financial Statements*"), and determine the Net Working Capital as of the Closing Date (the "*Closing Net Working Capital*") in accordance with GAAP. Buyer shall deliver the Closing Financial Statements and its determination of the Closing Net Working Capital to Sellers within ninety (90) days following the Closing Date.

**3. NET WORKING CAPITAL DISPUTE RESOLUTION PROCEDURE.**

- a. Within ten (10) days after written request for access by Sellers, Sellers shall be given reasonable access during reasonable business hours to (and copies of) all of Target's applicable books, records, and other documents, including work papers, worksheets, notes, and schedules used in preparation of the Revenue Statement, other than work papers that Buyer considers proprietary, such as internal control documentation, engagement planning, time control and audit sign off, and quality control work papers.
- b. If within thirty (30) days following delivery of the Closing Net Working Capital calculation Sellers have not given Buyer a written statement (the "Objection Statement") of its objection as to the Closing Net Working Capital calculation (which statement shall state the basis of Sellers' objections with reasonable particularity), then the Closing Net Working Capital calculated by Buyer shall be binding and conclusive on the parties and be used in computing the NWC Reduction Amount (if any). Within three (3) business days after the calculation of the Closing Net Working Capital becomes binding and conclusive on the parties, if there is a NWC Reduction Amount, then Buyer is entitled to that amount from the Sellers which shall be paid by Sellers in accordance with §2(a)(iv) of the Agreement.

- c. If, however, Sellers duly and timely give Buyer the Objection Statement, and if Sellers and Buyer fail to resolve the issues outstanding with respect to the Closing Financial Statements and the calculation of the Closing Net Working Capital within thirty (30) days of Buyer's receipt of Sellers' Objection Statement, Sellers and Buyer shall submit the issues remaining in dispute (the "Remaining Disputed Issues") to PricewaterhouseCoopers, LLP, independent public accountants, or such other accountants as are mutually agreed to by the parties in writing (the "Independent Accountants") for resolution applying the principles, policies and practices referred to in this Appendix. If Remaining Disputed Issues are submitted to the Independent Accountants for resolution, (i) Sellers and Buyer shall furnish or cause to be furnished to the Independent Accountants such work papers and other documents and information relating to the disputed issues as the Independent Accountants may request and are available to that party or its agents and shall be afforded the opportunity to present to the Independent Accountants any material relating to the disputed issues and to discuss the issues with the Independent Accountants; (ii) the determination by the Independent Accountants, as set forth in a notice to be delivered to both Sellers and Buyer within sixty (60) days of the submission to the Independent Accountants of the Remaining Disputed Issues, shall be final, binding and conclusive on the parties and shall be used in the calculation of the Closing Net Working Capital; and (iii) fees and costs incurred for such Independent Accountants as a result of such dispute shall be allocated between Buyer and Sellers in proportion to the respective amounts of the difference between Sellers' calculation of the Remaining Disputed Issues and Buyer's calculation of the Remaining Disputed Issues (the "Total Disputed Amount") which are resolved against them. For example, if with respect to the Remaining Disputed Issues, Buyer calculates Closing Net Working Capital to be \$100x, and Sellers calculate Closing Net Working Capital to be \$150x (so that the Total Disputed Amount is \$50x); and the Independent Accountants determine that Closing Net Working Capital is \$140x (\$10x is resolved against Sellers, and \$40x is resolved against Buyer), then the fees and expenses of the Independent Accountants would be allocated 80% to Buyer (i.e., \$40x/\$50x) and 20% (i.e., \$10x/\$50x) to Sellers.

**4. NO ACTIONS WHICH DISTORT NET WORKING CAPITAL.** Sellers covenants that Sellers did not take any action or engage in any extraordinary transaction between June 30, 2015 and the date of Closing for purposes of distorting Target's Net Working Capital and the calculation of the NWC Reduction Amount (except for matters for which Target has received specific written approval from Buyer).

**APPENDIX II  
(EARNOUT APPENDIX)**

1. DEFINITIONS. For purposes of this Appendix II, the following terms have the meanings specified or referred to in this Paragraph 1:

"Adjusted EBITDA" – EBITDA, adjusted as described in the last sentence of this definition and by excluding the effects of any of the following to the extent otherwise included in consolidated earnings from operations:

- (a) gains, losses or profits realized by the Target from the sale of assets other than in the Ordinary Course of Business and any "extraordinary items" of gain or loss (as determined in accordance with GAAP);
- (b) any management fees, general overhead expenses, or other intercompany charges, of whatever kind or nature, charged by Buyer to the Target, except that Buyer may charge interest on any loans or advances made by Buyer or its Affiliates to the Target in connection with their Business operations at a rate of 5% per annum; and
- (c) any legal or accounting fees and expenses incurred in connection with the Agreement.

In determining net income from operations, the purchase and sales prices of goods and services sold by the Target to Buyer or its Affiliates, or purchased by the Target from Buyer or its Affiliates, shall be adjusted to reflect the amounts that the Target would have received or paid if dealing with an independent party in an arm's-length commercial transaction.

"Affiliate" – with respect to any entity, an entity that directly or indirectly controls or is controlled by, or is under common control with, as the case may be, the relevant entity.

"Computation Notice" – as defined in Paragraph 4(a).

"Earnout Amount" – Excess EBITDA.

"Earnout Payment" – as defined in Paragraph 4(a).

"Earnout Period" – the fiscal year beginning January 1, 2016 and ending **December 31, 2016**.

"EBITDA" – Net income derived from earnings from operations of the Target, as determined in accordance with GAAP as consistently applied by the Target, plus interest, taxes, depreciation, and amortization of the Target (that was deducted to reach net income), in each case, as determined in accordance with GAAP as consistently applied by the Target.

"EP Issued Shares" – as defined in Paragraph 6.

"EP Issue Price" – as defined in Paragraph 6.

"EP Rule 144 Rule Date" – as defined in Paragraph 6.

"Excess EBITDA" – an amount equal to (a) Adjusted EBITDA for the Earnout Period, less (b) the Threshold Amount.

"Income Statement" – as defined in Paragraph 5(a).

"Independent Accountants" – as defined in Paragraph 5(d).

"Minimum Revenue Target" – An amount equal to 75% of the total revenue recorded for calendar year 2015. The revenues for both 2015 and the Earnout Period shall be determined on an accrual basis of accounting in accordance with GAAP (including an appropriate allowance for doubtful accounts receivable).

"Objection Notice" – as defined in Paragraph 5(c).

"Payment Rate" – 500%.

"Retention Bonuses" – means any bonus payments made to the following employees of Target on or before February 1, 2017, but not exceeding \$275,000 in the aggregate:

Nathan Stilwill	Greg Henderson
Nicole Haesly	Sarah Hahn
James Hess	Betsy Bohman
Marlon Monsalve	Lauren Chatfield
TaMara Battles	Andre Hardowin
Tiffany Able	David Gillian
Joshua Fisher	Sergio Gonzales
Rex Simmons	Victor Sturm
Jim Brown	Justin James
Carol Martin	

"Sellers' Representative" – Enoch S. Timothy.

"Threshold Amount" – the amount of \$650,000.

2. EXAMPLES. Examples of calculation of the Earnout Payment are attached to this Appendix II as the "**Earnout Examples Exhibit**."

3. CERTAIN OPERATING GUIDELINES.

- (a) Buyer agrees that, at all times prior to the expiration of the Earnout Period, the Target shall remain a separate legal entity or a separate reporting unit with accounting and financial statements separate from those of Buyer and its other businesses.
- (b) Buyer shall not intentionally take an action for purposes of preventing the Target from achieving the EBITDA necessary for the Earnout Payment.
- (c) Sellers shall promptly notify Buyer in writing if Sellers discover that Buyer has failed to comply with any of the above operating guidelines in this Paragraph 3. If such failure is capable of being cured, Buyer shall have a period of ten (10) days to cure.

#### 4. EARNOUT PAYMENT.

- (a) If the Minimum Revenue Target is attained for the Earnout Period, the Earnout Payment equals an amount equal to (i) the Earnout Amount, multiplied by (ii) the Payment Rate, but only if the Earnout Amount is a positive number. If the Earnout Amount is a negative number, no Earnout Payment shall be made.
- (b) If the Minimum Revenue Target is not attained for the Earnout Period, then the Earnout Payment is reduced to be fifty percent (50%) of what it would have been under Paragraph 4(a) above.
- (c) The final Earnout Payment, after any other reductions, is reduced for any Retention Bonuses.
- (d) The Earnout Payment will be paid by Buyer within sixty (60) days after the final determination of the Earnout Amount. Notwithstanding any provision in this Appendix II to the contrary, in no event will the Earnout Payment exceed \$750,000. The Earnout Payment will be allocated between the Sellers as set forth on **Exhibit B** to the Agreement.
- (e) The Earnout Payment shall be payable at the option of Buyer as follows: (i) in immediately available funds via wire transfer to a bank account designated by Sellers; (ii) in issued shares of GEE Common Stock which shall be valued as set forth in Paragraph 6 below; or (iii) any combination of the foregoing clauses (i) and (ii).
- (f) Sellers shall not be entitled to any interest on the Earnout Payment under this Appendix II.
- (g) Upon notice to Sellers' Representative specifying in reasonable detail the basis therefor, Buyer may set off any amount to which it claims to be entitled from any Seller under the Agreement, or otherwise, against amounts otherwise payable under this Appendix II. The exercise of such right of setoff by Buyer in good faith, whether or not ultimately determined to be justified, will not constitute a default under this Appendix II, regardless of whether any Seller disputes such setoff claim, or whether such setoff claim is for a contingent or unliquidated amount. Neither the exercise of, nor the failure to exercise, such right of setoff will constitute an election of remedies or limit Buyer in any manner in the enforcement of any other remedies that may be available to it.

#### 5. PROCEDURE.

- (a) Buyer shall maintain separate accounting books and records for the Target during the Earnout Period. Promptly following the end of the Earnout Period, Buyer shall prepare (i) a consolidated income statement of the Target for the Earnout Period, which shall be prepared in accordance with GAAP (the "*Income Statement*"), and (ii) a computation of EBITDA and Adjusted EBITDA, showing separately each of the adjustments made to EBITDA to arrive at Adjusted EBITDA and a computation of revenue for 2015 and for the Earnout Period (the "*Computation Notice*") in the Computation Notice and (iii) Buyer shall deliver the Income Statement and the Computation Notice to Sellers' Representative within sixty (60) days following the end of the Earnout Period.

- (b) Upon execution of such access letters as may be reasonably required by Buyer, Sellers and/or Sellers' Representative shall be given reasonable access during reasonable business hours to (and copies of) all of Buyer's and its representatives' books, records, and other documents, including work papers, worksheets, notes, and schedules used in preparation of the Income Statement and its computation of EBITDA, Adjusted EBITDA and revenues in the Computation Notice for the purpose of reviewing the Income Statement and the Computation Notice, in each case, other than work papers that Buyer considers proprietary, such as internal control documentation, engagement planning, time control and audit sign off, and quality control work papers.
- (c) If, within sixty (60) days following delivery of the Income Statement and the Computation Notice to Sellers' Representative, Sellers' Representative has not given Buyer notice of an objection as to any amounts set forth on the Income Statement or the computation of EBITDA, Adjusted EBITDA and revenues in the Computation Notice (which notice shall state in reasonable detail the basis of Sellers' Representative's objection) (the "*Objection Notice*"), the Earnout Amount as computed by Buyer will be final, binding, and conclusive on the parties.
- (d) If Sellers' Representative timely gives Buyer an Objection Notice, and if Sellers' Representative and Buyer fail to resolve the issues raised in the Objection Notice within thirty (30) days after giving the Objection Notice, Sellers' Representative and Buyer shall submit the issues remaining in dispute for resolution to PricewaterhouseCoopers, LLP, independent public accountants, or such other accountants as are mutually agreed to by the parties in writing) (the "*Independent Accountants*").
- (e) The parties shall negotiate in good faith in order to seek agreement on the procedures to be followed by the Independent Accountants, including procedures with regard to the presentation of evidence. If the parties are unable to agree upon procedures within ten (10) days of the submission to the Independent Accountants, the Independent Accountants shall establish such procedures giving due regard to the intention of the parties to resolve disputes as promptly, efficiently, and inexpensively as possible, which procedures may, but need not, be those proposed by either Buyer or Sellers' Representative. The Independent Accountants shall be directed to resolve only those issues in dispute and render a written report on their resolution of disputed issues with respect to the Income Statement and the Computation Notice as promptly as practicable, but no later than sixty (60) days after the date on which the Independent Accountants are engaged. The determination of Earnout Amount by the Independent Accountants will be based solely on written submissions of Buyer, on the one hand, and Sellers' Representative, on the other hand, and will not involve independent review. Any determination by the Independent Accountants will not be outside the range established by the amounts in (i) the Income Statement and the computation of EBITDA and Adjusted EBITDA in the Computation Notice proposed by Buyer, and (ii) Sellers' Representative's proposed adjustments thereto. Such determination will be final, binding, and conclusive on the parties.

- (f) If the computation of Earnout Amount is submitted to the Independent Accountants for resolution:
- (i) Sellers' Representative and Buyer shall execute any agreement required by the Independent Accountants to accept their engagement pursuant to this Paragraph 5;
  - (ii) Sellers' Representative and Buyer shall promptly furnish or cause to be furnished to the Independent Accountants such work papers and other documents and information relating to the disputed issues as the Independent Accountants may request and are available to that party or its accountants or other representatives, and shall be afforded the opportunity to present to the Independent Accountants, with a copy to the other party, any other written material relating to the disputed issues;
  - (iii) the determination by the Independent Accountants, as set forth in a report to be delivered by the Independent Accountants to both Sellers' Representative and Buyer, will include all the changes in the Income Statement and the computation of EBITDA and Adjusted EBITDA in the Computation Notice required as a result of the determination made by the Independent Accountants; and
  - (iv) Sellers and Buyer shall each bear one-half of the fees and costs of the Independent Accountants; provided, however, that the engagement agreement referred to in clause (i) above may require the parties to be bound jointly and severally to the Independent Accountants for those fees and costs, and in the event Sellers or Buyer pay to the Independent Accountants any amount in excess of one-half of the fees and costs of their engagement, the other party(ies) agree(s) to reimburse Sellers or Buyer, as applicable, upon demand to the extent required to equalize the payments made by Sellers and Buyer with respect to the fees and costs of the Independent Accountants.

6. VALUATION OF GEE SHARES ISSUED AS PART OF EARNOUT PAYMENT. The number of shares issued as part of the Earnout Payment (the "*EP Issued Shares*") will be based on the mean average closing price of shares of GEE Common Stock during the twenty (20) trading days immediately preceding **December 31, 2016** (the "*EP Issue Price*"); provided however, that if, during such twenty (20) day trading period, there is a Stock Event or there is a Stock Event between **December 31, 2016** and the date of issuance, then the closing prices used in the above calculation shall be appropriately adjusted to provide the Sellers the same economic effect as contemplated by this Appendix prior to such action.

## Earnout Examples Exhibit

**The following are examples of the calculations for the Earnout Amount:**

### Example 1

**Assumptions:**

Adjusted EBITDA for the year ended December 31, 2016	\$ 700,000
Revenue for the year ended December 31, 2016	\$15,175,000
Retention Bonuses Paid	\$ 125,000

**Calculation:**

Adjusted EBITDA	\$ 700,000
Less Threshold amount	\$ 650,000
Excess EBITDA	\$ 50,000

Multiply by Payment Rate x 5 (500%)

Potential Earnout Payment	\$ 250,000
Minimum Revenue Target	\$15,000,000
	met
Earnout Payment	\$ 250,000
Less: Retention Bonuses Paid	125,000
Final Earnout Payment	\$ 125,000

### Example 2

Same facts as Example 1 except Revenue for the year ended December 31, 2016 is \$14,000,000; Minimum Revenue Target not met; Earnout Payment of \$250,000 is reduced 50% to \$125,000; Final Earnout Payment is \$ -0- because Earnout Payment of \$125,000 is reduced by Retention Bonuses Paid of \$125,000.

### Example 3

Same facts as Example 1 except Adjusted EBITDA is \$650,000; it does not exceed the Threshold Amount so no there is no Excess EBITDA and thus no Earnout Payment will be paid.

### Example 4

Same facts as Example 1 except Adjusted EBITDA is \$900,000. Excess EBITDA is \$250,000 and then multiplied by payment amount (500%) so potential Earnout Payment is \$1,250,000; however Earnout Payment is reduced by retention bonuses of \$125,000 so potential Earnout Payment would be \$1,125,000; however, an overall CAP applies and limits the Final Earnout Payment to \$ 750,000.

**APPENDIX III**  
**(ADDITIONAL EARNOUT APPENDIX)**

1. DEFINITIONS. Unless otherwise defined in this Appendix III, the definitions in **Appendix II** shall apply to this Appendix III.
2. If the final determination of the Adjusted EBITDA for **Appendix II** for the Earnout Period, exceeds \$650,000, then within sixty (60) days of that final determination, Buyer shall issue GEE Shares to Sellers that are valued at \$500,000, which valuation shall be determined in accordance with Paragraph 6 of **Appendix II**. If the above EBITDA threshold does not exceed \$650,000, then no GEE Shares shall be issued.
3. Upon notice to Sellers' Representative specifying in reasonable detail the basis therefor, Buyer may set off any amount to which it claims to be entitled from any Seller under the Agreement, or otherwise, against amounts otherwise payable under this Appendix III. The exercise of such right of setoff by Buyer in good faith, whether or not ultimately determined to be justified, will not constitute a default under this Appendix III, regardless of whether any Seller disputes such setoff claim, or whether such setoff claim is for a contingent or unliquidated amount. Neither the exercise of, nor the failure to exercise, such right of setoff will constitute an election of remedies or limit Buyer in any manner in the enforcement of any other remedies that may be available to it.

**APPENDIX IV  
(CONTINGENT PROMISSORY NOTE APPENDIX)**

1. DEFINITIONS. Unless otherwise defined in this Appendix IV, the definitions in **Appendix II** shall apply to this Appendix IV.

2. CONTINGENCIES. If the final determination of the Revenue for the Earnout Period as determined in accordance with Appendix II exceeds \$15,000,000 and Adjusted EBITDA for **Appendix II** for the Earnout Period, exceeds \$500,000 (the "Promissory Note Contingency Thresholds") then within sixty (60) days of that final determination, Buyer shall issue the Promissory Notes to Sellers (after reduction of the principal by the NWC Reduction Amount). The procedures of Paragraph 5 of Appendix II shall apply to this Appendix IV. If either or both of the Promissory Note Contingency Thresholds is not satisfied, then the Promissory Notes shall not be issued and the only payment to be made under the Promissory Notes will be that set forth in Paragraph 4 below.

3. SETOFF. Upon notice to Sellers' Representative specifying in reasonable detail the basis therefor, Buyer may set off any amount to which it claims to be entitled from any Seller under the Agreement, or otherwise, against amounts otherwise payable under this Appendix IV. The exercise of such right of setoff by Buyer in good faith, whether or not ultimately determined to be justified, will not constitute a default under this Appendix IV, regardless of whether any Seller disputes such setoff claim, or whether such setoff claim is for a contingent or unliquidated amount. Neither the exercise of, nor the failure to exercise, such right of setoff will constitute an election of remedies or limit Buyer in any manner in the enforcement of any other remedies that may be available to it.

4. SPECIAL INTEREST PROVISION. Commencing on February 1, 2016, Target shall pay deemed monthly interest payments to the Sellers in the amount of \$4,583.33 per month for a period of 12 months. The interest payable under this Paragraph 4 shall be credited as payments of interest under the Promissory Notes and if it exceeds the amount of interest payable under the Promissory Notes for that 12 month period, then that excess shall reduce the principal of the Promissory Notes.

**General Employment Acquires Dallas IT & Professional Staffing Solutions Company Paladin Consulting, Inc.**

*Accretive Acquisition Adds EBITDA & Revenue Plus MSP, VMS & RPO Service Capability in the Information Technology and Professional Staffing Services Sector & Expands Geographic Reach in Texas, Washington DC Metro and Nationwide*

**NAPERVILLE, IL / Marketwired/ December 31, 2015/ -General Employment Enterprises, Inc. (NYSE MKT: JOB)** ("the Company" or "General Employment") a provider of specialty staffing services and solutions today announced that it has acquired Dallas-based information technology and professional staffing company Paladin Consulting, Inc. ("Paladin") effective January 1, 2016. The acquisition is expected to be accretive to earnings per share and anticipated to generate solid earnings before interest, taxes, depreciation and amortization (EBITDA) and estimated projected revenue in the range of \$16 million to \$18 million for calendar 2016. Under the terms of the sale and purchase agreement, General Employment acquired 100 percent (100%) of the Paladin common stock for consideration including cash, stock, seller financing and contingent consideration ("earn out"). The Company, in combination with Paladin and the other completed acquisitions to date estimates that combined projected pro forma revenue for the calendar year 2016 is anticipated to reach or exceed approximately \$90 million, more than double the reported revenue for the fiscal year ended September 30, 2015.

***Paladin Acquisition Adds RPO, MSP & VMS Support Capabilities to Enhance and Broaden General Employment's Service Offerings***

Paladin Lines of Staffing Services include the following: Information Technology (IT), Accounting and Finance, Engineering, Office Support and Government Services - TS Cleared. Its Workforce Solutions includes the provision of Resource Process Outsourcing (RPO) and expertise in working with Managed Service Providers (MSP) and Vendor Management Systems (VMS) such as Pontoon, Beeline and Fieldglass. Paladin puts tech talent, experienced engineers and business pros in a position to succeed through a deep vetting of clients and opportunities to ensure that their needs align with the skills of the professionals. In the IT area, Paladin has expertise in placing high demand skilled professionals in .Net, SharePoint, ERP, software engineering, database support (Microsoft SQL, Oracle, Sybase & Informix), legacy systems support, network support, data analytics, cyber-security, cloud migration, Java, health IT, big data and mobile applications. In Accounting and Finance, Paladin places controllers, CFO's, mortgage specialists, business analysts and accounting support personnel. Paladin places engineers, QA specialists, PC techs, network engineers, drafting professionals and provides document services and outsourced technical support to major companies.

***Paladin Participates Actively in Professional Organizations; Recipient of "Best of Staffing Client Award"***

For 30 years Paladin has partnered with top companies to understand their dynamic staffing issues and deploy resources that will efficiently meet business needs and perfectly fit the clients' culture. Paladin has relationships with groups that share their values of Integrity, Service, and Community including TechServe Alliance (Enoch Timothy, Paladin's Chairman, President Elect), ASA, SIA, SIM, 6Stones - Catalyst for Hope, Ben Barber CTA IT Advisory Board, DFW Texas Recruiter Network, SHRM, and AHA. Paladin is a proud winner of Inavero's "Best of Staffing Client Award" presented by Career Builder for outstanding client service.

***Paladin Acquisition Brings Additional Human Capital Resources to the Company, Increases Its Breadth and Depth of IT Service Offerings and Expands General Employment's Geographic Footprint into the robust Dallas Market and Across the Nation in Key Cities***

Through the acquisition of Paladin Consulting, General Employment gains experienced staffing professionals in the bustling business community of Dallas, Texas and surrounding areas. Texas was named number 2 on the list of states with the highest number of Fortune 500 companies, and many of these companies are in Dallas. General Employment will expand its Texas practice through offices in the two largest cities in Texas, Dallas and Houston. The Company has been operating in Houston for years but will have a stronger presence by combining offices and resources in that market and increasing its service offerings and resource delivery capabilities.

Paladin has national service capability providing staffing solutions to many markets including Seattle, Charlotte, Atlanta, Richmond, Framingham (Mass.), and has a satellite office in the Washington D.C. metro area, near the tech hub in Virginia serving that fast growing market. Paladin serves the IT, government and defense space in its D.C. area practice including OEM Project Staffing. Paladin provides staffing services in several expanding industries including Retail Technology; eCommerce and Healthcare Technology. By focusing on these fast growth areas, Paladin is able to generate increased revenue by providing innovative human resource solutions to major large corporate users of staffing services in these specialties.

***Management Comments***

"I am thrilled to be joining a company with explosive growth potential like General Employment. CEO Derek Dewan has a winning business model and a proven track record of success. Our team looks forward to working with an established staffing and human resource solutions visionary like Derek and repeating the success he achieved building global staffing giant MPS Group and its specialty staffing divisions including Modis," said Enoch Timothy, Chairman of Paladin Consulting.

Chairman and CEO of General Employment, Derek Dewan, commented, "We are pleased to announce this exciting acquisition that will be accretive to earnings. Paladin, led by Chairman Enoch Timothy, exemplifies the ideal professional staffing company providing a vast array of human capital solutions in a number of areas that are in high demand. This acquisition allows the Company to increase its service capability nationwide. In addition, we are fortunate that Enoch Timothy brings a dedicated recruiting and sales team to our Company to help grow our combined organization. The acquisition fits within our strategic growth strategy, which includes expansion of our IT staff augmentation and solutions presence into key markets where there is significant spending for IT staffing services and increasing our professional services capabilities in accounting and engineering. We are growing our Company's geographic footprint to better serve our national clients in more key markets with a broader and deeper breadth of IT and other professional services offerings. We welcome the entire Paladin team to the General Employment family and are pleased that they will assist the Company in accomplishing its goals while advancing their careers."

**About General Employment Enterprises, Inc.**

General Employment Enterprises, Inc. was incorporated in the State of Illinois in 1962, is a provider of specialized staffing solutions and is the successor to employment offices doing business since 1893. The Company operates in two industry segments, providing professional staffing services and solutions, and light industrial staffing services through the names of General Employment, Agile Resources, Access Data Consulting, Ashley Ellis, Triad and Omni-One. Also, in the healthcare sector, General Employment through its Scribe Solutions brand staffs medical scribes who assist physicians in emergency departments of hospitals and in medical practices by providing required documentation for patient care in connection with electronic medical records (EMR).

## **Forward-Looking Statements**

In addition to historical information, this press release contains statements relating to the Company's future results (including certain projections and business trends) that are "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended, (the "Exchange Act"), and are subject to the "safe harbor" created by those sections. The statements made in this press release that are not historical facts are forward-looking statements that are predictive in nature and depend upon or refer to future events. Such forward-looking statements often contain or are prefaced by words such as "will", "may," "plans," "expects," "anticipates," "projects," "predicts," "estimates," "aims," "targets", "believes," "hopes," "potential," "intends," "suggests," "appears," "seeks," or variations of such words or similar words and expressions. Forward-looking statements are not guarantees of future performance, are based on certain assumptions, and are subject to various known risks and uncertainties, many of which are beyond the Company's control, and cannot be predicted or quantified and consequently, as a result of a number of factors, the Company's actual results could differ materially from those expressed or implied by such forward-looking statements. Certain factors that might cause the Company's actual results to differ materially from those in the forward-looking statements include, without limitation: (i) the loss, default or bankruptcy of one or more customers; (ii) changes in general, regional, national or international economic conditions; (iii) an act of war or terrorism or cyber security breach that disrupts business; (iv) changes in the law and regulations; (v) the effect of liabilities and other claims asserted against the Company; (vi) changes in the size and nature of the Company's competition; (vii) the loss of one or more key executives; (viii) increased credit risk from customers; (ix) the Company's failure to grow internally or by acquisition or the failure to successfully integrate acquisitions; (x) the Company's failure to improve operating margins and realize cost efficiencies and economies of scale ; (xi) the Company's failure to attract, hire and retain quality recruiters, account managers and salesmen; (xii) the Company's failure to recruit qualified candidates to place at customers for contract or full-time hire; and such other factors as set forth under the heading "Forward-Looking Statements" in the Company's annual reports on Form 10-K, its quarterly reports on Form 10-Q and in the Company's other filings with the Securities and Exchange Commission (SEC). More detailed information about the Company and the risk factors that may affect the realization of forward-looking statements is set forth in the Company's filings with the SEC. Investors and security holders are urged to read these documents free of charge on the SEC's web site at <http://www.sec.gov>. The Company is under no obligation to (and expressly disclaims any such obligation to) and does not intend to publicly update, revise or alter its forward-looking statements whether as a result of new information, future events or otherwise.

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