

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

[X] Quarterly Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the quarterly period ended:

JUNE 30, 2001

or

[ ] Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from: \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 1-10686

MANPOWER INC.

(Exact name of registrant as specified in its charter)

WISCONSIN  
(State or other jurisdiction  
of incorporation)

39-1672779  
(IRS Employer  
Identification No.)

5301 N. IRONWOOD ROAD  
MILWAUKEE, WISCONSIN  
(Address of principal executive offices)

53217  
(Zip Code)

Registrant's telephone number, including area code: (414) 961-1000

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes      X      No

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Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

CLASS	SHARES OUTSTANDING
-----	AT JUNE 30, 2001
-----	-----
Common Stock, \$.01 par value	75,919,319

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## MANPOWER INC. AND SUBSIDIARIES

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## PART I - FINANCIAL INFORMATION

## Item 1 - Financial Statements

## MANPOWER INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(IN MILLIONS)

## ASSETS

	JUNE 30, 2001	DECEMBER 31, 2000
	----- (Unaudited)	-----
CURRENT ASSETS:		
Cash and cash equivalents	\$ 169.7	\$ 181.7
Accounts receivable, less allowance for doubtful accounts of \$52.7 and \$55.3, respectively	1,969.2	2,094.4
Prepaid expenses and other assets	64.1	51.8
Future income tax benefits	70.2	68.8
	-----	-----
Total current assets	2,273.2	2,396.7
OTHER ASSETS:		
Intangible assets, less accumulated amortization of \$32.9 and \$27.2, respectively	280.3	247.6
Investments in licensees	43.1	41.8
Other assets	189.9	163.9
	-----	-----
Total other assets	513.3	453.3
PROPERTY AND EQUIPMENT:		
Land, buildings, leasehold improvements and equipment	437.5	440.9
Less: accumulated depreciation and amortization	253.1	249.3
	-----	-----
Net property and equipment	184.4	191.6
	-----	-----
Total assets	\$ 2,970.9	\$ 3,041.6
	=====	=====

The accompanying notes to consolidated financial statements  
are an integral part of these balance sheets.

## MANPOWER INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS  
(IN MILLIONS, EXCEPT SHARE DATA)

## LIABILITIES AND SHAREHOLDERS' EQUITY

	JUNE 30, 2001	DECEMBER 31, 2000
	----- (Unaudited)	-----
CURRENT LIABILITIES:		
Accounts payable	\$ 477.3	\$ 453.1
Employee compensation payable	78.4	81.2
Accrued liabilities	214.5	269.2
Accrued payroll taxes and insurance	305.1	341.8
Value added taxes payable	276.7	311.0
Short-term borrowings and current maturities of long-term debt	38.4	65.9
	-----	-----
Total current liabilities	1,390.4	1,522.2
OTHER LIABILITIES:		
Long-term debt	545.2	491.6
Other long-term liabilities	291.2	287.4
	-----	-----
Total other liabilities	836.4	779.0
SHAREHOLDERS' EQUITY:		
Preferred stock, \$.01 par value, authorized 25,000,000 shares, none issued	-	-
Common stock, \$.01 par value, authorized 125,000,000 shares, issued 84,964,519 and 84,717,834 shares, respectively	.8	.8
Capital in excess of par value	1,638.8	1,631.4
Accumulated deficit	(443.0)	(496.9)
Accumulated other comprehensive income (loss)	(199.4)	(145.1)
Treasury stock at cost, 9,045,200 and 8,945,200 shares, respectively	(253.1)	(249.8)
	-----	-----
Total shareholders' equity	744.1	740.4
	-----	-----
Total liabilities and shareholders' equity	\$ 2,970.9	\$ 3,041.6
	=====	=====

The accompanying notes to consolidated financial statements  
are an integral part of these balance sheets.

## MANPOWER INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)  
(IN MILLIONS, EXCEPT PER SHARE DATA)

	3 MONTHS ENDED JUNE 30,		6 MONTHS ENDED JUNE 30,	
	2001	2000	2001	2000
Revenues from services	\$ 2,620.1	\$ 2,714.1	\$ 5,272.0	\$ 5,282.4
Cost of services	2,131.0	2,236.3	4,299.0	4,358.6
Gross profit	489.1	477.8	973.0	923.8
Selling and administrative expenses	426.4	408.1	858.2	803.6
Operating profit	62.7	69.7	114.8	120.2
Interest and other expense	8.6	10.7	18.8	21.5
Earnings before income taxes	54.1	59.0	96.0	98.7
Provision for income taxes	19.5	21.0	34.5	35.1
Net earnings	\$ 34.6	\$ 38.0	\$ 61.5	\$ 63.6
Net earnings per share	\$ .46	\$ .50	\$ .81	\$ .84
Net earnings per share - diluted	\$ .45	\$ .49	\$ .80	\$ .82
Weighted average common shares	75.8	76.0	75.8	76.0
Weighted average common shares - diluted	76.9	77.1	76.9	77.2

The accompanying notes to consolidated financial statements  
are an integral part of these statements.

SUPPLEMENTAL SYSTEMWIDE INFORMATION (UNAUDITED)  
(IN MILLIONS)

	3 MONTHS ENDED JUNE 30,		6 MONTHS ENDED JUNE 30,	
	2001	2000	2001	2000
Systemwide Sales	\$ 2,944.1	\$ 3,121.9	\$ 5,955.2	\$ 6,097.4

Systemwide information represents the total of Company-owned branches and franchises.

MANPOWER INC. AND SUBSIDIARIES  
 CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)  
 (IN MILLIONS)

	6 MONTHS ENDED JUNE 30,	
	2001	2000
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net earnings	\$ 61.5	\$ 63.6
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	37.1	35.4
Deferred income taxes	(4.2)	(3.9)
Provision for doubtful accounts	10.1	12.3
Changes in operating assets and liabilities:		
Amounts advanced under the Receivables Facility	(80.0)	(100.0)
Accounts receivable	28.3	(183.5)
Other assets	(40.8)	(3.5)
Other liabilities	50.1	154.7
	-----	-----
Cash provided (used) by operating activities	62.1	(24.9)
	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(43.9)	(33.8)
Acquisitions of businesses, net of cash acquired	(96.1)	(157.5)
Proceeds from the sale of property and equipment	3.2	3.0
	-----	-----
Cash used by investing activities	(136.8)	(188.3)
	-----	-----
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net change in short-term borrowings	(25.0)	(5.8)
Proceeds from long-term debt	220.4	273.0
Repayment of long-term debt	(116.2)	(105.9)
Proceeds from stock option and purchase plans	7.4	6.6
Repurchase of common stock	(3.3)	(14.5)
Dividends paid	(7.6)	(7.6)
	-----	-----
Cash provided by financing activities	75.7	145.8
	-----	-----
Effect of exchange rate changes on cash	(13.0)	(29.8)
	-----	-----
Net change in cash and cash equivalents	(12.0)	(97.2)
Cash and cash equivalents, beginning of period	181.7	241.7
	-----	-----
Cash and cash equivalents, end of period	\$ 169.7	\$ 144.5
	=====	=====
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Interest paid	\$ 16.8	\$ 7.8
	=====	=====
Income taxes paid	\$ 71.2	\$ 28.6
	=====	=====

The accompanying notes to consolidated financial statements  
 are an integral part of these statements.

## MANPOWER INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)  
FOR THE SIX MONTHS ENDED JUNE 30, 2001 AND 2000  
(IN MILLIONS, EXCEPT PER SHARE DATA)

## (1) Basis of Presentation

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although the Company believes that the disclosures are adequate to make the information presented not misleading. These consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company's 2000 Annual Report to Shareholders.

The information furnished reflects all adjustments that, in the opinion of management, are necessary for a fair statement of the results of operations for the periods presented. Such adjustments are of a normal recurring nature.

Certain amounts in the 2000 consolidated financial statements have been reclassified to be consistent with the current year presentation.

## (2) New Accounting Pronouncements

During June 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standard ("SFAS") No. 141, "Business Combinations," which requires all business combinations completed subsequent to June 30, 2001 to be accounted for using the purchase method. Although the purchase method generally remains unchanged, this standard also requires that acquired intangible assets should be separately recognized if the benefit of the intangible assets are obtained through contractual or other legal rights, or if the intangible assets can be sold, transferred, licensed, rented or exchanged, regardless of the acquirer's intent to do so. Intangible assets separately identified must be amortized over their estimated economic life. Goodwill or identifiable intangible assets with an indefinite life resulting from such business combinations are no longer required to be amortized.

This statement is effective for the Company beginning July 1, 2001. The Company has accounted for all previous acquisitions under the purchase method and the related excess of purchase price over net assets was mainly goodwill, therefore, the adoption of this statement will not have a material impact on the consolidated financial statements.

During June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets," which prohibits the amortization of goodwill over an estimated useful life. Rather, goodwill will be subject to impairment reviews by applying a fair-value-based test at the reporting unit level, which generally represents operations one level below the segments reported by the Company. An impairment loss will be recorded for any goodwill that is determined to be impaired.

This statement is effective for the Company on January 1, 2002. Upon adoption, the Company will perform an impairment test on all existing goodwill, which will be updated at least annually. The Company has not yet determined the extent of any impairment losses on its existing goodwill, however, any such losses are not expected to be material to the consolidated financial statements.

## (3) Acquisitions

During July 2001, the Company acquired Jefferson Wells International, Inc. ("Jefferson Wells"), a professional services provider of internal audit, accounting, technology and tax services, for approximately \$174.0, including assumed debt. The acquisition of Jefferson Wells was financed through the Company's existing credit facilities. Jefferson Wells operates a network of offices throughout the United States and Canada. The substantial majority of the purchase price is expected to be allocated to goodwill and other identifiable intangible assets.

During the first six months of 2001, the Company also acquired and invested in several companies throughout the world. The total consideration paid for such transactions was \$96.1 as of June 30, 2001, the majority of which was recorded as goodwill. This consideration includes the final payment of \$30.0 in deferred consideration related to the Company's January 2000 acquisition of Elan Group Limited.

#### (4) Income Taxes

The Company provided for income taxes at 36.0%, which is equal to the estimated annual effective tax rate based on the currently available information. This rate is higher than the U.S. Federal statutory rate due to cost of foreign repatriations, foreign tax rate differences and U.S. state income taxes.

#### (5) Earnings Per Share

The calculations of net earnings per share and net earnings per share - diluted are as follows:

	3 MONTHS ENDED JUNE 30,		6 MONTHS ENDED JUNE 30,	
	2001	2000	2001	2000
Net earnings per share:				
Net earnings available to common shareholders	\$ 34.6	\$ 38.0	\$ 61.5	\$ 63.6
Weighted average common shares outstanding	75.8	76.0	75.8	76.0
	-----	-----	-----	-----
	\$ .46	\$ .50	\$ .81	\$ .84
	=====	=====	=====	=====
Net earnings per share - diluted:				
Net earnings available to common shareholders	\$ 34.6	\$ 38.0	\$ 61.5	\$ 63.6
Weighted average common shares outstanding	75.8	76.0	75.8	76.0
Dilutive effect of stock options	1.1	1.1	1.1	1.2
	-----	-----	-----	-----
	76.9	77.1	76.9	77.2
	-----	-----	-----	-----
	\$ .45	\$ .49	\$ .80	\$ .82
	=====	=====	=====	=====

#### (6) Shareholders' Equity

Comprehensive income (loss) consists of the following:

	3 MONTHS ENDED JUNE 30,		6 MONTHS ENDED JUNE 30,	
	2001	2000	2001	2000
Net earnings	\$ 34.6	\$ 38.0	\$ 61.5	\$ 63.6
Other comprehensive income (loss) - net of tax:				
Foreign currency translation adjustments	(12.9)	(19.0)	(50.5)	(44.7)
Unrealized gain (loss) on available for sale securities	1.3	-	(.7)	-
Unrealized gain (loss) on derivative financial instruments	2.2	-	(3.1)	-
	-----	-----	-----	-----
Comprehensive income (loss)	\$ 25.2	\$ 19.0	\$ 7.2	\$ 18.9
	=====	=====	=====	=====

On May 1, 2001, the Company's Board of Directors declared a cash dividend of \$.10 per share which was paid on June 14, 2001 to shareholders of record on June 1, 2001.

(7) Interest and Other Expense (Income)

Interest and other expense (income) consists of the following:

	3 MONTHS ENDED JUNE 30,		6 MONTHS ENDED JUNE 30,	
	2001	2000	2001	2000
Interest expense	\$ 8.7	\$ 7.9	\$ 17.4	\$ 15.8
Interest income	(2.4)	(1.7)	(5.0)	(3.7)
Foreign exchange (gains) losses	(.9)	.2	(.2)	1.3
Loss on sale of accounts receivable	1.7	2.1	4.0	5.2
Miscellaneous, net	1.5	2.2	2.6	2.9
Total	\$ 8.6	\$ 10.7	\$ 18.8	\$ 21.5

(8) Contingencies

The Company and a number of unrelated parties have been named as defendants in numerous lawsuits, including a certified class action, in Louisiana asserting claims primarily for personal injuries, property damage and lost profits arising out of a 1999 explosion at a customer's industrial facility. The cases have been consolidated before a single judge and some of the most serious ones are set for trial on September 4, 2001. Allegedly, the injuries and damages were caused in part by the actions of one of the Company's temporary employees. Although several recent court rulings have been adverse to the Company, it intends to continue to vigorously contest these lawsuits. Should the ultimate judgements or settlements exceed the Company's insurance coverage, they could have a material effect on the Company's results of operations, financial position and cash flows. An estimate of our portion of any liability with respect to these claims cannot be reasonably made with currently available information.

The Company is also involved in a number of other lawsuits arising in the ordinary course of business that will not, in the opinion of management, have a material effect on the Company's results of operations, financial position or cash flows.

(9) Derivative Financial Instruments

Since June 1998, the FASB has issued SFAS Nos. 133, 137 and 138 related to "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133, as amended" or "Statements"). These Statements establish accounting and reporting standards requiring derivative instruments are recorded on the balance sheet as either an asset or liability measured at fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portions of the changes in the fair value of the derivative are recorded as a component of accumulated other comprehensive income (loss) and recognized in the consolidated statement of earnings when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings.

On January 1, 2001, the Company adopted SFAS No. 133, as amended. As a result of adopting the standard, the Company recognized the fair value of all derivative contracts as a net liability of \$3.4 on the consolidated balance sheets. This amount was recorded as a component of accumulated other comprehensive income (loss). There was no impact on earnings.

The Company enters into various derivative financial instruments to manage certain of its foreign currency exchange rate and interest rate risks. The Company does not use derivative financial instruments for trading or speculative purposes.

Foreign Currency Exchange Rate Management

In certain circumstances, the Company enters into foreign currency forward exchange contracts to reduce the effects of fluctuating foreign currency exchange rates on cash flows with foreign subsidiaries. Such contracts have been designated as cash flow hedges and were considered highly effective as of June 30, 2001.

The Company's borrowings which are denominated in Euro, Japanese yen, and British pounds have been designated and are effective as economic hedges of the Company's net investment in its foreign

subsidiaries with the related functional currencies. Therefore, all translation gains or losses related to these borrowings are recorded as a component of accumulated other comprehensive income (loss).

#### Interest Rate Risk Management

The Company enters into interest rate swaps to manage the effects of interest rate movements on the Company's variable rate borrowings. The swaps are denominated in Euro and Japanese yen and exchange floating rate for fixed rate payments on a periodic basis over the terms of the related borrowings. Such contracts have been designated as cash flow hedges and were considered highly effective as of June 30, 2001.

#### (10) Segment Information

Segment information is as follows:

	3 MONTHS ENDED JUNE 30,		6 MONTHS ENDED JUNE 30,	
	2001	2000	2001	2000
Revenues from services:				
United States (a)	\$ 523.5	\$ 609.6	\$ 1,069.8	\$ 1,173.5
France	948.6	1,021.0	1,887.8	1,934.6
United Kingdom	369.6	347.2	750.5	712.2
Other Europe	475.3	459.8	974.6	919.3
Other Countries	303.1	276.5	589.3	542.8
	-----	-----	-----	-----
	\$ 2,620.1	\$ 2,714.1	\$ 5,272.0	\$ 5,282.4
	=====	=====	=====	=====
Operating Unit Profit:				
United States	\$ 12.2	\$ 23.0	\$ 20.4	\$ 38.5
France	35.4	31.5	61.7	52.3
United Kingdom	10.2	9.6	19.9	17.6
Other Europe	17.7	17.8	37.0	32.5
Other Countries	1.1	1.5	3.0	5.1
	-----	-----	-----	-----
Corporate expenses	76.6	83.4	142.0	146.0
Amortization of intangible assets	10.0	10.4	19.6	18.9
Interest and other expense	3.9	3.3	7.6	6.9
	-----	-----	-----	-----
Earnings before income taxes	\$ 54.1	\$ 59.0	\$ 96.0	\$ 98.7
	=====	=====	=====	=====

- (a) Total systemwide sales in the United States, which includes sales of Company-owned branches and franchises, were \$801.5 and \$965.3 for the three months ended June 30, 2001 and 2000, respectively, and \$1,663.0 and \$1,887.3 for the six months ended June 30, 2001 and 2000, respectively.

## Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations

### Operating Results - Three Months Ended June 30, 2001 and 2000

Revenues decreased 3.5% to \$2,620.1 million for the second quarter of 2001. Revenues were unfavorably impacted by changes in currency exchange rates during the second quarter of 2001 due to the strengthening of the U.S. dollar, as compared to the second quarter of 2000, relative to the currencies in most of the Company's non-U.S. markets. At constant exchange rates, revenues would have increased 2.5%. Acquisitions had a favorable impact of less than 1% on consolidated revenues, on a constant currency basis, during the second quarter of 2001.

The United States experienced a revenue decrease of 14.1% for the second quarter of 2001 compared to 2000 due lower customer demand resulting from the economic slowdown. Local currency revenue in France contracted .6% during the second quarter of 2001 due to slowing of the French economy throughout the quarter. Constant currency revenue increases for the second quarter of 2001 compared to 2000 were experienced in the United Kingdom (14.7%), Other Europe (11.5%) and Other Countries (21.0%). Revenue growth rates in the United States, France and Other Europe are down from those realized in the first quarter of 2001, reflecting further slowing in the United States and recent slowing in France and most other continental-European markets.

Gross profit increased 2.4% to \$489.1 million for the second quarter of 2001 compared to 2000. Gross profit margin increased 110 basis points (1.1%) from the second quarter of 2000 to 18.7% in 2001. This increase is due primarily to improving business mix to higher value services and improved pricing in most of the Company's major markets.

Selling and administrative expenses increased 4.5% to \$426.4 million in the second quarter of 2001 compared to the same period in 2000. This expense level is lower than that incurred during the first quarter of 2001, reflecting the Company's cost reduction efforts. As a percent of gross profit, these expenses were 87.2% in the second quarter of 2001 compared to 85.4% in the second quarter of 2000. The increase is due primarily to the de-leveraging of the business caused by the slowing revenue growth, particularly in the United States and Other Europe, coupled with the Company's continued investment in certain expanding markets and strategic initiatives.

Interest and other expense decreased \$2.1 million from the second quarter of 2000 to \$8.6 million in the second quarter of 2001. Net interest expense, including the loss on sale of accounts receivable, was \$8.0 million in the second quarter of 2001 compared to \$8.3 million in the second quarter of 2000. This decrease in expense is due to the lower borrowing levels resulting from the improvement in working capital management. Translation gains were \$.9 million in the second quarter of 2001 compared to losses of \$.2 million in the second quarter of 2000.

The Company provided for income taxes during the second quarter of 2001 at a rate of 36.0%, which is equal to the estimated annual effective tax rate based on the currently available information. This rate is higher than the U.S. Federal statutory rate due to foreign repatriations, cost of foreign tax rate differences and U.S. state income taxes.

On a diluted basis, net earnings per share were \$.45 in the second quarter of 2001 compared to \$.49 in the second quarter of 2000. The net earnings per share, on a diluted basis, for the second quarter of 2001 were negatively impacted by \$.05 due to changes in exchange rates.

### Operating Results - Six Months Ended June 30, 2001 and 2000

Revenues decreased .2% to \$5,272.0 million for the first six months of 2001. Revenues were unfavorably impacted by changes in currency exchange rates during the first six months of 2001 due to the

strengthening of the U.S. dollar, as compared to the first six months of 2000, relative to the currencies in most of the Company's non-U.S. markets. At constant exchange rates, revenues would have increased 6.1%. Acquisitions had a favorable impact of less than 1% on consolidated revenues, on a constant currency basis, during the first six months of 2001.

Constant currency revenue increases during the first six months of 2001 compared to 2000 were experienced in France (4.2%), the United Kingdom (14.8%), Other Europe (14.3%) and Other Countries (19.3%). The United States experienced a revenue decrease of 8.8% for the first six months of 2001 compared to 2000 due to the impact of the economic slowdown.

Gross profit increased 5.3% to \$973.0 million for the first six months of 2001 compared to 2000. Gross profit margin increased 100 basis points (1.0%) from the first six months of 2000 to 18.5% in 2001. This increase is due primarily to improving business mix to higher value services and improved pricing in most of the Company's major markets.

Selling and administrative expenses increased 6.8% to \$858.2 million in the first six months of 2001 compared to the same period in 2000. As a percent of gross profit, these expenses were 88.2% in the first six months of 2001 compared to 87.0% in the first six months of 2000. This increase is due primarily to the de-leveraging of the business caused by the slowing revenue growth, particularly in the United States and Other Europe, coupled with the Company's continued investment in certain expanding markets and strategic initiatives.

Interest and other expense decreased \$2.7 million from the first six months of 2000 to \$18.8 million in the first six months of 2001. Net interest expense, including the loss on sale of accounts receivable, was \$16.4 million in the first six months of 2001 compared to \$17.3 million for the same period in 2000. This decrease in expense is due to the lower borrowing levels resulting from the improvement in working capital management. Translation gains were \$.2 million in the first six months of 2001 compared to losses of \$1.3 million in the first six months of 2000.

The Company provided for income taxes during the first six months of 2001 at a rate of 36.0%, which is equal to the estimated annual effective tax rate based on the currently available information. This rate is higher than the U.S. Federal statutory rate due to cost of foreign repatriations, foreign tax rate differences and U.S. state income taxes.

On a diluted basis, net earnings per share were \$.80 for the first six months of 2001 compared to \$.82 for the same period in 2000. The net earnings per share, on a diluted basis, for the first six months of 2001 were negatively impacted by \$.08 due to changes in exchange rates.

#### Liquidity and Capital Resources

Cash provided by operating activities was \$62.1 million in the first six months of 2001 compared to cash used by operating activities of \$24.9 million in the first six months of 2000. Excluding the changes in amounts advanced under the Receivable Facility, cash provided by operating activities was \$142.1 million and \$75.1 million in the first six months of 2001 and 2000, respectively. This increase is mainly due to a 2-day improvement in consolidated accounts receivable days sales outstanding ("DSO") during the first six months of 2001 compared to 2000. Cash provided by operating activities before changes in working capital requirements was \$104.5 million in the first six months of 2001 compared to \$107.4 million in the first six months of 2000.

Capital expenditures were \$43.9 million in the first six months of 2001 compared to \$33.8 million during the first six months of 2000. These expenditures were primarily comprised of purchases of computer equipment and software, office furniture and other costs related to office openings and refurbishments.

During the first six months of 2001, the Company acquired and invested in several companies throughout the world. The total consideration paid for such transactions was \$96.1 million as of June 30, 2001, which includes the final payment of \$30.0 million in deferred consideration related to the Company's January 2000 acquisition of Elan Group Limited.

Net cash provided from borrowings was \$79.2 million and \$161.3 million in the first six months of 2001 and 2000, respectively. Including changes in amounts advanced under the accounts receivable securitization, there was a net repayment of \$.8 million in the first six months of 2001 compared to net borrowings and advances of \$61.3 million in the same period of 2000. Net borrowings and advances in 2000 were used to finance acquisitions and working capital needs.

The Company repurchased 100,000 shares and 483,900 shares at a cost of \$3.3 million and \$14.5 million, respectively, during the first six months of 2001 and 2000, respectively.

Net accounts receivable decreased to \$1,969.2 million at June 30, 2001 from \$2,094.4 million at December 31, 2000. This decrease is mainly due to the effect of the change in foreign currency exchange rates in 2001 compared to 2000, which negatively impacted the receivable balance by \$166.7 million, and a 2-day decrease in consolidated accounts receivable DSO. This decrease was offset by the \$80.0 million reduction in the amount advanced under the Company's U.S. Receivables Facility.

As of June 30, 2001, the Company had borrowings of \$211.1 million and letters of credit of \$67.6 million outstanding under its \$415.0 million U.S. revolving credit facility, and borrowings of \$16.4 million outstanding under its U.S. commercial paper program. The commercial paper borrowings have been classified as long-term debt due to the availability to refinance them on a long-term basis under the revolving credit facility.

The Company and some of its foreign subsidiaries maintain separate lines of credit with foreign financial institutions to meet short-term working capital needs. As of June 30, 2001, such lines totaled \$168.5 million, of which \$137.0 million was unused.

On May 1, 2001, the Company's Board of Directors declared a cash dividend of \$.10 per share which was paid on June 14, 2001 to shareholders of record on June 1, 2001.

During July 2001, the Company acquired Jefferson Wells International, Inc. ("Jefferson Wells"), a professional services provider of internal audit, accounting, technology and tax services, for approximately \$174.0 million, including assumed debt. The acquisition of Jefferson Wells was financed through the Company's existing credit facilities. Jefferson Wells operates a network of offices throughout the United States and Canada.

#### New Accounting Pronouncements

Since June 1998, the Financial Accounting Standards Board ("FASB") has issued Statements of Financial Accounting Standards ("SFAS") Nos. 133, 137 and 138 related to "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133, as amended" or "Statements"). These Statements establish accounting and reporting standards requiring derivative instruments are recorded on the balance sheet as either an asset or liability measured at its fair value. If the derivative is designated as a fair value hedge, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings. If the derivative is designated as a cash flow hedge, the effective portions of the changes in the fair value of the derivative are recorded as a component of accumulated other comprehensive income (loss) and are recognized in the consolidated statement of earnings when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings.

On January 1, 2001, the Company adopted SFAS No. 133, as amended. As a result of adopting the standard, the Company recognized the fair value of all derivative contracts as a net liability of \$3.4 million on the consolidated balance sheets. This amount was recorded as a component of accumulated other comprehensive income (loss). There was no impact on earnings.

During June 2001, the FASB issued SFAS No. 141, "Business Combinations," which requires all business combinations completed subsequent to June 30, 2001 to be accounted for using the purchase method. Although the purchase method generally remains unchanged, this standard also requires that acquired intangible assets should be separately recognized if the benefit of the intangible assets are obtained through contractual or other legal rights, or if the intangible assets can be sold, transferred, licensed, rented or exchanged, regardless of the acquirer's intent to do so. Intangible assets separately identified must be amortized over their estimated economic life. Goodwill or identifiable intangible assets with an indefinite life resulting from such business combinations are no longer required to be amortized.

This statement is effective for the Company beginning July 1, 2001. The Company has accounted for all previous acquisitions under the purchase method and the related excess of purchase price over net assets was mainly goodwill, therefore, the adoption of this statement will not have a material impact on the consolidated financial statements.

During June 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets," which prohibits the amortization of goodwill over an estimated useful life. Rather, goodwill will be subject to impairment reviews by applying a fair-value-based test at the reporting unit level, which generally represents operations one level below the segments reported by the Company. An impairment loss will be recorded for any goodwill that is determined to be impaired.

This statement is effective for the Company on January 1, 2002. Upon adoption, the Company will perform an impairment test on all existing goodwill, which will be updated at least annually. The Company has not yet determined the extent of any impairment losses on its existing goodwill, however, any such losses are not expected to be material to the consolidated financial statements.

#### The Euro

Twelve of the fifteen member countries of the European Union (the "participating countries") have established fixed conversion rates between their existing sovereign currencies (the "legacy currencies") and the Euro and have agreed to adopt the Euro as their common legal currency. The legacy currencies will remain legal tender in the participating countries as denominations of the Euro between January 1, 1999 and January 1, 2002 (the "transition period"). During the transition period, public and private parties may pay for goods and services using either the Euro or the participating country's legacy currency. Beginning on January 1, 2002, Euro-denominated bills and coins will be issued and legacy currencies will be withdrawn from circulation.

The Company has significant operations in many of the participating countries and continues to assess the impact of the Euro on its business operations. Since the Company's labor costs and prices are generally determined on a local basis, the near-term impact of the Euro has been and is expected to be primarily related to making internal information systems modifications to meet employee payroll, customer invoicing and financial reporting requirements. Such modifications relate to converting currency values and to operating in a dual currency environment during the transition period. Modifications of internal information systems have been occurring throughout the transition period and are mainly coordinated with other system-related upgrades and enhancements. All modifications are expected to be completed prior to December 2001. The Company will account for all such system modification costs in accordance with its existing policy and does not expect such costs to be material to the Company's consolidated financial statements.

## Forward-Looking Statements

Certain information included or incorporated by reference in this filing and identified by use of the words "expects," "believes," "plans" or the like constitutes forward-looking statements, as such term is defined in Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In addition, any information included or incorporated by reference in future filings by the Company with the Securities and Exchange Commission, as well as information contained in written material, releases and oral statements issued by or on behalf of the Company may include forward-looking statements. All statements which address operating performance, events or developments that the Company expects or anticipates will occur or future financial performance are forward-looking statements.

These forward-looking statements speak only as of the date on which they are made. They rely on a number of assumptions concerning future events and are subject to a number of risks and uncertainties, many of which are outside of the Company's control, that could cause actual results to differ materially from such statements. These risks and uncertainties include, but are not limited to:

- - material changes in the demand from larger customers, including customers with which the Company has national or global arrangements
- - availability of temporary workers or workers with the skills required by customers
- - increases in the wages paid to temporary workers
- - competitive market pressures, including pricing pressures
- - ability to successfully expand into new markets or service lines
- - ability to successfully invest in and implement information systems
- - unanticipated technological changes, including obsolescence or impairment of information systems
- - changes in customer attitudes toward the use of staffing services
- - government, tax or regulatory policies adverse to the employment services industry
- - general economic conditions in domestic and international markets
- - interest rate and exchange rate fluctuations
- - difficulties related to acquisitions, including integrating the acquired companies and achieving the expected benefits

The Company disclaims any obligation to update publicly or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

## Item 3 - Quantitative and Qualitative Disclosures about Market Risk

The Company's 2000 Annual Report on Form 10-K contains certain disclosures about market risks affecting the Company. There have been no material changes to the information provided which would require additional disclosures as of the date of this filing.

## PART II - OTHER INFORMATION

## Item 1 - Legal Proceedings

Information relating to legal proceedings is set forth in Note 8 to the Company's consolidated financial statements.

## Item 2 - Changes in Securities and Use of Proceeds

- (a) At the Annual Meeting of the Company's shareholders on May 1, 2001, the shareholders of the Company's common stock, \$0.01 par value, approved an amendment to the Company's Amended and Restated Articles of Incorporation to increase the permitted size of the Company's Board of Directors from between three and eleven directors to between three and fifteen directors. A corresponding change was made to the Company's Amended and Restated By-Laws.
- (b) Not applicable.
- (c) Not applicable.
- (d) Not applicable.

## Item 4 - Submission of Matters to a Vote of Security Holders

On May 1, 2001, at the Company's Annual Meeting of Shareholders (the "Annual Meeting") the shareholders of the Company voted to: (1) elect three directors to serve until 2004 as Class II directors; (2) amend the 1994 Executive Stock Option and Restricted Stock Plan of Manpower Inc. to increase the number of shares authorized for issuance and permit the Company's directors to participate in the Plan; (3) amend the Company's Amended and Restated Articles of Incorporation to increase the maximum number of directors; and (4) ratify the appointment of Arthur Andersen LLP as the Company's independent auditors for 2001. In addition, Dudley J. Godfrey, Jr., Marvin B. Goodman, Edward J. Zore and J. Thomas Bouchard continued as Class III directors (term expiring 2002), and Dennis Stevenson, John R. Walter, Jeffery A. Joerres and Nancy G. Brinker continued as Class I directors (term expiring 2003). The results of the proposals voted upon at the Annual Meeting are as follows:

	For ---	Against -----	Withheld -----	Abstain -----	Broker Non-Vote -----
1. a) Election of J. Ira Harris	62,975,314	-	1,808,120	-	-
b) Election of Terry A. Hueneke	63,812,709	-	970,725	-	-
c) Election of Willie D. Davis	63,906,919	-	876,515	-	-
2. Approval of amendment to the 1994 Executive Stock Option and Restricted Stock Plan of Manpower Inc. to increase the number of shares authorized and to permit the Company's directors to participate in the Plan.	57,078,298	7,342,756	-	362,380	-
3. Approval of amendment to Amended and Restated Articles of Incorporation of the Company to increase the maximum number of directors.	64,484,058	212,108	-	87,268	-
4. Ratification of Arthur Andersen LLP as independent auditors	63,751,199	1,007,756	-	24,479	-

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits

3.1 Amendment of Amended and Restated Articles of Incorporation of Manpower Inc.

3.2 Amended and Restated By-Laws of Manpower Inc.

(b) The Company did not file any reports on Form 8-K during the quarter for which this report is filed.

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.

MANPOWER INC.

-----  
(Registrant)

Date: August 10, 2001

/s/ Michael J. Van Handel

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Michael J. Van Handel  
Senior Vice President, Chief Financial Officer and  
Secretary (Signing on behalf of the Registrant and  
as the Principal Financial Officer and Principal  
Accounting Officer)

## EXHIBIT 3.1

AMENDMENT OF AMENDED AND RESTATED ARTICLES OF INCORPORATION  
 OF  
 MANPOWER INC.

The undersigned Chairman, President and Chief Executive Officer of Manpower Inc. (the "Corporation"), hereby certifies that in accordance with Section 180.1003 of the Wisconsin Business Corporation Law and Article IX of the Corporation's Amended and Restated Articles of Incorporation (the "Restated Articles"), the following Amendment was duly adopted to increase the permitted maximum size of the Board of Directors:

"Article VIII is hereby amended by deleting the first paragraph of Article VIII in its entirety and replacing it with the following:

'The number of directors (exclusive of directors, if any, elected by the holders of one or more series of Preferred Stock, voting separately as a series pursuant to the provisions of these Articles of Incorporation applicable thereto) shall not be less than 3 nor more than 15 directors, the exact number of directors to be determined from time to time by resolution adopted by the affirmative vote of a majority of the entire Board of Directors then in office.'

The remainder of Article VIII of the Articles will remain unchanged."

This Amendment to the Restated Articles was approved by the Board of Directors of the Corporation on February 20, 2001. This Amendment to the Restated Articles was approved by the shareholders of the Corporation at the 2001 Annual Meeting of Shareholders on May 1, 2001 in accordance with Section 180.1003 of Wisconsin Business Corporation Law.

This Amendment to the Restated Articles shall be effective as of 1:30 p.m. on May 8, 2001.

Executed in duplicate this 7th day of May, 2001.

MANPOWER INC.

By: /s/ Jeffrey A. Joerres

-----  
 Jeffrey A. Joerres  
 Chairman, President and Chief  
 Executive Officer

This instrument was drafted by:

Michelle M. Nelson  
 Godfrey & Kahn, S.C.  
 780 North Water Street  
 Milwaukee, Wisconsin 53202

## AMENDED AND RESTATED BY-LAWS

OF

MANPOWER INC.  
(as of May 1, 2001)

## ARTICLE I. OFFICES

SECTION 1.1. Principal and Other Offices. The principal office of the Corporation shall be located at any place either within or outside the State of Wisconsin as designated in the Corporation's most current Annual Report filed with the Wisconsin Secretary of State. The Corporation may have such other offices, either within or outside the State of Wisconsin as the Board of Directors may designate or as the business of the Corporation may require from time to time.

SECTION 1.2. Registered Office. The registered office of the Corporation required by the Wisconsin business corporation law to be maintained in the State of Wisconsin may, but need not, be the same as any of its places of business. The registered office may be changed from time to time.

SECTION 1.3. Registered Agent. The registered agent of the Corporation required by the Wisconsin business corporation law to maintain a business office in the State of Wisconsin may, but need not, be an officer or employee of the Corporation as long as such agent's business office is identical with the registered office. The registered agent may be changed from time to time.

## ARTICLE II. SHAREHOLDERS

SECTION 2.1. Annual Meeting. The annual meeting of shareholders shall be held on the third Tuesday in the month of April for each year at 10:00 a.m. (local time) or at such other date and time as shall be fixed by, or at the direction of, the Board of Directors, for the purpose of electing directors for the class of directors whose term expires in such year and for the transaction of such other business as may have been properly brought before the meeting in compliance with the provisions of Section 2.5. If the day fixed for the annual meeting shall be a legal holiday in the State of Wisconsin, such meeting shall be held on the next succeeding business day.

SECTION 2.2. Special Meetings. Except as otherwise required by applicable law, special meetings of shareholders of the Corporation may only be called by the Chairman of the Board or the President and Chief Executive Officer pursuant to a resolution approved by not less than three-quarters of the Board of Directors; provided, however, that the Corporation shall hold a special meeting of shareholders of the Corporation if a signed and dated written demand or demands by the holders of at least 10% of all the votes entitled to be cast on any issue proposed to be considered at the proposed special meeting is delivered to the Corporation as required under the Wisconsin business corporation law, which demand or demands must describe one or more identical purposes for which the shareholders demand a meeting be called.

SECTION 2.3. Place of Meeting. The Board of Directors, the Chairman of the Board or the President and Chief Executive Officer may designate any place, within or outside the State of Wisconsin, as the place of meeting for the annual meeting or for any special meeting. If no designation is made the place of meeting shall be the principal office of the Corporation, but any meeting may be adjourned to reconvene at any place designated by vote of a majority of the shares represented thereat.

SECTION 2.4. Notice of Meeting. The Corporation shall notify shareholders of the date, time and place of each annual and special shareholders meeting. Notice of a special meeting shall include a description of each purpose for which the meeting is called. Notice of all meetings need be given only to shareholders entitled to vote, unless otherwise required by the Wisconsin business corporation law, and shall be given not less than ten nor more than sixty days before the meeting date. The Corporation may give notice in person, by telephone, telegraph, teletype, facsimile or other forms of wire or wireless communication, or by mail or private carrier, and, if these forms of personal communication are impracticable, notice may be communicated by a newspaper of general circulation in the area where published, or by radio, television or other form of public broadcast communication. Written notice shall be deemed to be effective at the earlier of receipt or mailing and may be addressed to

the

shareholder's address shown in the Corporation's current record of shareholders. Oral notice shall be deemed to be effective when communicated. Notice by newspaper, radio, television or other form of public broadcast communication shall be deemed to be effective the date of publication or broadcast.

SECTION 2.5. Advance Notice Shareholder-Proposed Business at Annual Meeting. At an annual meeting of shareholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be: (a) specified in the notice of meeting (or any amendment or supplement thereto) given in accordance with Section 2.4, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, the Chairman of the Board or the President and Chief Executive Officer, or (c) otherwise properly brought before the meeting by a shareholder. In addition to any other requirements under applicable law, the Articles of Incorporation or the By-Laws for business to be properly brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal office of the Corporation, not less than 90 days prior to the meeting date specified in Section 2.1. A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (i) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (ii) the name and record address of the shareholder proposing such business, (iii) the class and number of shares of the Corporation which are beneficially owned by the shareholder, and (iv) any interest of the shareholder in such business. In addition, any such shareholder shall be required to provide such further information as may be requested by the Corporation in order to comply with federal securities laws, rules and regulations. The Corporation may require evidence by any person giving notice under this Section 2.5 that such person is a bona fide beneficial owner of the Corporation's shares.

Notwithstanding anything in the By-Laws to the contrary, no business shall be conducted at the annual meeting except in accordance with the procedures set forth in this Section 2.5; provided, however, that nothing in this Section 2.5 shall be deemed to preclude discussion by any shareholder of any business properly brought before the annual meeting in accordance with said procedure.

The presiding officer at an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting in accordance with the provisions of this Section 2.5, and if he should so determine, he shall so declare to the meeting and any such business not properly brought before the meeting shall not be transacted.

SECTION 2.6. Procedure for Nomination of Directors. Only persons nominated in accordance with all of the procedures set forth in the Corporation's Articles of Incorporation and By-Laws shall be eligible for election as directors. Nominations of persons for election to the Board of Directors of the Corporation may be made at a meeting of shareholders by or at the direction of the Board of Directors, by any nominating committee or persons appointed by the Board, or by any shareholder of the Corporation entitled to vote for election of directors at the meeting who complies with all of the notice procedures set forth in this Section 2.6.

Nominations other than those made by or at the direction of the Board of Directors or any nominating committee or person appointed by the Board shall be made pursuant to timely notice in proper written form to the Secretary of the Corporation. To be timely, a shareholder's request to nominate a person for director, together with the written consent of such person to serve as a director, must be received by the Secretary of the Corporation at the Corporation's principal office (i) with respect to an election held at an annual meeting of shareholders, not less than 90 days nor more than 150 days prior to the meeting date specified in Section 2.1, or (ii) with respect to an election held at a special meeting of shareholders for the election of directors, not less than the close of business on the eighth day following the date on which notice of such meeting is given to shareholders. To be in proper written form, such shareholder's notice shall set forth in writing (a) as to each person whom the shareholder proposes to nominate for election or reelection as a director (i) the name, age, business address and residence address of such person, (ii) the principal occupation or employment of such person, (iii) the class and number of shares of stock of the Corporation which are beneficially owned by such person, and (iv) such other information relating to such person as is required to be disclosed in solicitations of proxies for election of directors, or as otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended, and any successor to

such Regulation; and (b) as to the shareholder giving the notice (i) the name and address, as they appear on the Corporation's books, of such shareholder, (ii) the class and number of shares of stock of the Corporation which are beneficially owned by such shareholder, and (iii) a representation that the shareholder is a holder of record of stock of the Corporation entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation or the shareholder to nominate the proposed nominee. The presiding officer at the meeting shall, if the facts so warrant, determine and declare to the meeting that a nomination was not made in accordance with the procedures or other requirements prescribed by the Corporation's Articles of Incorporation and By-Laws; and if he should so determine, such presiding officer shall so declare to the meeting and the defective nomination(s) shall be disregarded.

SECTION 2.7. Fixing of Record Date. For the purpose of determining shareholders of any voting group entitled to notice of or to vote at any meeting of shareholders or any adjournment thereof, or shareholders entitled to receive payment of any distribution or dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders. Such record date shall not be more than 70 days prior to the date on which the particular action, requiring such determination of shareholders, is to be taken. If no record date is so fixed for the determination of shareholders entitled to notice of, or to vote at a meeting of shareholders, or shareholders entitled to receive a share dividend or distribution, the record date for determination of such shareholders shall be at the close of business on:

(a) With respect to an annual shareholders meeting or any special shareholders meeting called by the Board of Directors or any person specifically authorized by the Board of Directors or these By-Laws to call a meeting, the day before the first notice is mailed to shareholders;

(b) With respect to a special shareholders meeting demanded by the shareholders, the date the first shareholder signs the demand;

(c) With respect to the payment of a share dividend, the date the Board of Directors authorizes the share dividend; and

(d) With respect to a distribution to shareholders (other than one involving a repurchase or reacquisition of shares), the date the Board of Directors authorizes the distribution.

SECTION 2.8. Voting Lists. After fixing a record date for a meeting, the Corporation shall prepare a list of the name of all its shareholders who are entitled to notice of a shareholders meeting. The list shall be arranged by class or series of shares and show the address of and the number of shares held by each shareholder. The shareholders list must be available for inspection by any shareholder, beginning two business days after notice of the meeting is given for which the list was prepared and continuing to the date of the meeting. The list shall be available at the Corporation's principal office or at a place identified in the meeting notice in the city where the meeting is to be held. Subject to the provisions of the Wisconsin business corporation law, a shareholder or his or her agent or attorney may, on written demand, inspect and copy the list during regular business hours and at his expense, during the period it is available for inspection. The Corporation shall make the shareholders list available at the meeting, and any shareholder or his or her agent or attorney may inspect the list at any time during the meeting or any adjournment thereof. Refusal or failure to prepare or make available the shareholders list shall not affect the validity of any action taken at such meeting.

SECTION 2.9. Shareholder Quorum and Voting Requirements. Shares entitled to vote as a separate voting group may take action on a matter at a meeting only if a quorum of those shares exists with respect to that matter. Unless the Articles of Incorporation, By-Laws adopted under authority granted in the Articles of Incorporation or the Wisconsin business corporation law provide otherwise, a majority of the votes entitled to be cast on the matter by the voting group constitutes a quorum of that voting group for action on that matter.

If the Articles of Incorporation or the Wisconsin business corporation law provide for voting by two or more voting groups on a matter, action on that matter is taken only when voted upon by each of those voting groups counted separately. Action may be taken by one voting group on a matter even though no action is taken by another voting group entitled to vote on the matter.

Once a share is represented for any purpose at a meeting, other than for the purpose of objecting to holding the meeting or transacting business at the meeting, it is deemed present for purposes of determining whether a quorum exists, for the remainder of the meeting and for any adjournment of that meeting to the extent provided in Section 2.14.

If a quorum exists, action on a matter by a voting group is approved if the votes cast within the voting group favoring the action exceed the votes cast opposing the action, unless the Articles of Incorporation, the By-Laws or the Wisconsin business corporation law require a greater number of affirmative votes; provided, however, that for purposes of electing directors, unless otherwise provided in the Articles of Incorporation, directors are elected by a plurality of the votes cast by the shares entitled to vote in the election at a meeting at which a quorum is present. For purposes of electing directors, (i) a "plurality" means that the individuals with the largest number of votes are elected as directors up to the maximum number of directors to be chosen at the election, and (ii) votes against a candidate are not given legal effect and are not counted as votes cast in an election of directors.

SECTION 2.10. Proxies. For all meetings of shareholders, a shareholder may appoint a proxy to vote or otherwise act for the shareholder by signing an appointment form, either personally or by a duly authorized attorney-in-fact. Such proxy shall be effective when filed with the Secretary of the Corporation or other officer or agent authorized to tabulate votes before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

SECTION 2.11. Voting of Shares. Unless otherwise provided in the Articles of Incorporation, each outstanding share entitled to vote shall be entitled to one vote upon each matter submitted to a vote at a meeting of shareholders.

No shares in the Corporation held by another corporation may be voted if the Corporation owns, directly or indirectly, a sufficient number of shares entitled to elect a majority of the directors of such other corporation; provided, however, that the Corporation shall not be limited in its power to vote any shares, including its own shares, held by it in a fiduciary capacity.

SECTION 2.12. Voting Shares Owned by the Corporation. Shares of the Corporation belonging to it shall not be voted directly or indirectly at any meeting and shall not be counted in determining the total number of outstanding shares at any given time, but shares held by this Corporation in a fiduciary capacity may be voted and shall be counted in determining the total number of outstanding shares at any given time.

SECTION 2.13. Acceptance of Instruments Showing Shareholder Action.

(a) If the name signed on a vote, consent, waiver or proxy appointment corresponds to the name of a shareholder, the Corporation, if acting in good faith, may accept the vote, consent, waiver or proxy appointment and give it effect as the act of the shareholder.

(b) If the name signed on a vote, consent, waiver or proxy appointment does not correspond to the name of its shareholder, the Corporation, if acting in good faith, may accept the vote, consent, waiver or proxy appointment and give it effect as the act of the shareholder if any of the following apply:

(1) the shareholder is an entity, within the meaning of the Wisconsin business corporation law, and the name signed purports to be that of an officer or agent of the entity;

(2) the name signed purports to be that of a personal representative, administrator, executor, guardian or conservator representing the shareholder and, if the Corporation or its agent

request, evidence of fiduciary status acceptable to the Corporation is presented with respect to the vote, consent, waiver or proxy appointment;

(3) the name signed purports to be that of a receiver or trustee in bankruptcy of the shareholder and, if the Corporation or its agent request, evidence of this status acceptable to the Corporation is presented with respect to the vote, consent, waiver or proxy appointment;

(4) the name signed purports to be that of a pledgee, beneficial owner, or attorney-in-fact of the shareholder and, if the Corporation or its agent request, evidence acceptable to the Corporation of the signatory's authority to sign for the shareholder is presented with respect to the vote, consent, waiver or proxy appointment; or

(5) two or more persons are the shareholders as cotenants or fiduciaries and the name signed purports to be the name of at least one of the coowners and the persons signing appears to be acting on behalf of all coowners.

(c) The Corporation may reject a vote, consent, waiver or proxy appointment if the Secretary or other officer or agent of the Corporation who is authorized to tabulate votes, acting in good faith, has reasonable basis for doubt about the validity of the signature on it or about the signatory's authority to sign for the shareholder.

SECTION 2.14. Adjournments. An annual or special meeting of shareholders may be adjourned at any time, including after action on one or more matters, by a majority of shares represented, even if less than a quorum. The meeting may be adjourned for any purpose, including, but not limited to, allowing additional time to solicit votes on one or more matters, to disseminate additional information to shareholders or to count votes. Upon being reconvened, the adjourned meeting shall be deemed to be a continuation of the initial meeting.

(a) Quorum. Once a share is represented for any purpose at the original meeting, other than for the purpose of objecting to holding the meeting or transacting business at a meeting, it is considered present for purposes of determining if a quorum exists, for the remainder of the meeting and for any adjournment of that meeting unless a new record date is or must be set for that adjourned meeting.

(b) Record Date. When a determination of shareholders entitled to notice of or to vote at any meeting of shareholders has been made as provided in Section 2.7, such determination shall be applied to any adjournment thereof unless the Board of Directors fixes a new record date, which it shall do if the meeting is adjourned to a date more than 120 days after the date fixed for the original meeting.

(c) Notice. Unless a new record date for an adjourned meeting is or must be fixed pursuant to Section 2.14(b), the Corporation is not required to give notice of the new date, time or place if the new date, time or place is announced at the meeting before adjournment.

SECTION 2.15. Polling. In the sole discretion of the presiding officer of an annual or special meeting of shareholders, polls may be closed at any time after commencement of any annual or special meeting. When there are several matters to be considered at a meeting, the polls may remain open during the meeting as to any or all matters to be considered, as the presiding officer may declare. Polls will remain open as to matters to be considered at any adjournment of the meeting unless the presiding officer declares otherwise. At the sole discretion of the presiding officer, the polls may remain open after adjournment of a meeting for not more than 72 hours for the purpose of collecting proxies and counting votes. All votes submitted prior to the announcement of the results of the balloting shall be valid and counted. The results of balloting shall be final and binding after announcement of such results.

SECTION 2.16. Waiver of Notice by Shareholders. A shareholder may waive any notice required by the Wisconsin business corporation law, the Articles of Incorporation or the By-Laws before or after the date and time stated in the notice. The waiver shall be in writing and signed by the shareholder entitled to the notice, contain the

same information that would have been required in the notice under any applicable provisions of the Wisconsin business corporation law, except that the time and place of the meeting need not be stated, and be delivered to the Corporation for inclusion in the Corporation's records. A shareholder's attendance at a meeting, in person or by proxy, waives objection to (i) lack of notice or defective notice of the meeting, unless the shareholder at the beginning of the meeting or promptly upon arrival objects to the holding of the meeting or transacting business at the meeting, and (ii) consideration of a particular matter at the meeting that is not within the purpose described in the meeting notice, unless the shareholder objects to considering the matter when it is presented.

SECTION 2.17. Unanimous Consent without Meeting. Any action required or permitted to be taken at a meeting of shareholders may be taken without a meeting only by unanimous written consent or consents signed by all of the shareholders of the Corporation and delivered to the Corporation for inclusion in the Corporation's records.

### ARTICLE III. BOARD OF DIRECTORS

SECTION 3.1. General Powers. All corporate powers shall be exercised by or under the authority of, and the business and affairs of the Corporation managed under the direction of, its Board of Directors, subject to any limitations set forth in the Articles of Incorporation.

SECTION 3.2. Number, Classification, Tenure and Qualifications.

(a) Number. Except as otherwise provided in the Articles of Incorporation, the number of directors (exclusive of directors, if any, elected by the holders of one or more series of preferred stock, voting separately as a series pursuant to the provisions of the Articles of Incorporation) shall be not less than 3 nor more than 15 directors, the exact number of directors to be determined from time to time by resolution adopted by affirmative vote of a majority of the entire Board of Directors then in office.

(b) Classification. The directors shall be divided into three classes, designated Class I, Class II, and Class III, and the term of directors of each class shall be three years. Each class shall consist, as nearly as possible, of one-third of the total number of directors constituting the entire Board of Directors. If the number of directors is changed by resolution of the Board of Directors pursuant to Section 3.2(a), any increase or decrease shall be apportioned among the classes so as to maintain the number of directors in each class as nearly equal as possible, but in no case shall a decrease in the number of directors shorten the term of any incumbent director.

(c) Tenure. A director shall hold office until the annual meeting for the year in which his term expires and until his successor shall be duly elected and shall qualify.

(d) Qualifications. A director need not be a resident of the state of Wisconsin or a shareholder of the corporation except if required by the Articles of Incorporation. The Board of Directors, at its discretion, may establish any qualifications for directors, which qualifications, if any, shall only be applied for determining qualifications of a nominee for director as of the date of the meeting at which such nominee is to be elected or appointed.

Notwithstanding the foregoing, whenever the holders of any one or more classes or series of preferred stock issued by the Corporation shall have the right, voting separately by class or series, to elect directors at an annual or special meeting of shareholders, the election, term of office, filling of vacancies and other features of such directorships shall be governed by the terms of the Articles of Incorporation applicable thereto. Directors so elected shall not be divided into classes unless expressly provided by such Articles, and during the prescribed terms of office of such directors, the Board of Directors shall consist of such directors in addition to the number of directors determined as provided in Section 3.2(a).

SECTION 3.3. Removal. Exclusive of directors, if any, elected by the holders of one or more classes of preferred stock, no director of the Corporation may be removed from office except for Cause and by the affirmative

vote of two-thirds of the outstanding shares of capital stock of the Corporation entitled to vote at a meeting of shareholders duly called for such purpose. As used in this Section 3.3, the term "Cause" shall mean solely malfeasance arising from the performance of a director's duties which has a materially adverse effect on the business of the Corporation.

SECTION 3.4. Resignation. A director may resign at any time by delivering written notice to the Board of Directors, the Chairman of the Board or to the Corporation (which shall be directed to the Secretary).

SECTION 3.5. Vacancies. Exclusive of a vacancy in directors, if any, elected by the holders of one or more classes of preferred stock, any vacancy on the Board of Directors, however caused, including, without limitation, any vacancy resulting from an increase in the number of directors, shall be filled by the vote of a majority of the directors then in office, although less than a quorum, or by a sole remaining director. Any director so elected to fill any vacancy in the Board of Directors, including a vacancy created by an increase in the number of directors, shall hold office for the remaining term of directors of the class to which he has been elected and until his successor shall be elected and shall qualify. A vacancy that will occur at a specific later date may be filled before the vacancy occurs, but the new director will not take office until the vacancy occurs.

SECTION 3.6. Committees. The Board of Directors by resolution adopted by the affirmative vote of a majority of the number of directors fixed by Section 3.2(a) then in office may create one or more committees, appoint members of the Board of Directors to serve on the committees and designate other members of the Board of Directors to serve as alternates. Each committee shall consist of two or more members of the Board of Directors. Unless otherwise provided by the Board of Directors, members of the committee shall serve at the pleasure of the Board of Directors. The committee may exercise those aspects of the authority of the Board of Directors which are within the scope of the committee's assigned responsibilities or which the Board of Directors otherwise confers upon such committee; provided, however, a committee may not do any of the following:

(a) authorize distributions;

(b) approve or propose to shareholders action that the Wisconsin business corporation law requires be approved by shareholders;

(c) fill vacancies on the Board of Directors or, unless the Board of Directors has specifically granted authority to the committee, its committees;

(d) amend the Articles of Incorporation pursuant to the authority of directors to do so granted by the Wisconsin business corporation law;

(e) adopt, amend, or repeal by-laws;

(f) approve a plan of merger not requiring shareholder approval;

(g) authorize or approve reacquisition of shares, except according to a formula or method prescribed by the Board of Directors; or

(h) authorize or approve the issuance or sale or contract for sale of shares or determine the designation and relative rights, preferences, and limitations of a class or series of shares, except that the Board of Directors may authorize a committee (or a senior executive officer of the corporation, including without limitation the President and Chief Executive Officer and any Vice President) to do so within limits prescribed by the Board of Directors.

Except as required or limited by the Articles of Incorporation, the By-Laws, the Wisconsin business corporation law, or resolution of the Board of Directors, each committee shall be authorized to fix its own rules governing the conduct of its activities. Each committee shall make such reports to the Board of Directors of its activities as the Board of Directors may request.

SECTION 3.7. Compensation. Except as provided in the Articles of Incorporation, the Board of Directors, irrespective of any personal interest of any of its members, may fix the compensation of directors.

SECTION 3.8. Regular Meeting. A regular meeting of the Board of Directors shall be held without other notice than this By-Law immediately after, and at the same place as, the annual meeting of shareholders, and each adjourned session thereof. A regular meeting of a committee, if any, shall be at such date, place, either within or outside the state of Wisconsin, and time as such committee determines. Other regular meetings of the Board of Directors shall be held at such dates, times and places, either within or without the State of Wisconsin, as the Board of Directors may provide by resolution, which resolution shall constitute exclusive notice of such meeting.

SECTION 3.9. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the Chairman of the Board, the President and Chief Executive Officer or three-quarters of the members of the Board of Directors. Special meetings of a committee may be called by or at the request of the Chairman of a committee or a majority of the committee members. The person or persons authorized to call special meetings of the Board of Directors or a committee may fix any date, time and place, either within or outside the State of Wisconsin, for any special meeting of the Board of Directors or committee called by them.

SECTION 3.10. Notice; Waiver. Notice of meetings, except for regular meetings, shall be given at least five days previously thereto and shall state the date, time and place of the meeting of the Board of Directors or committee. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors or committee need be specified in the notice of such meeting. Notice may be communicated in person, by telephone, telegraph, teletype, facsimile or other form of wire or wireless communication, or by mail or private carrier. Written notice is effective at the earliest of the following: (1) when received; (2) on the date shown on the return receipt, if sent by registered or certified mail, return receipt requested, and the receipt is signed by or on behalf of the addressee; or (3) two days after it is deposited with a private carrier. Oral notice is deemed effective when communicated. Facsimile notice is deemed effective when sent.

A director may waive any notice required by the Wisconsin business corporation law, the Articles of Incorporation or the By-Laws before or after the date and time stated in the notice. The waiver shall be in writing, signed by the director entitled to the notice and retained by the Corporation. Notwithstanding the foregoing, a director's attendance at or participation in a meeting waives any required notice to such director of the meeting unless the director at the beginning of the meeting or promptly upon such director's arrival objects to holding the meeting or transacting business at the meeting and does not thereafter vote for or assent to action taken at the meeting.

SECTION 3.11. Quorum; Voting. Unless otherwise provided in the Articles of Incorporation or the Wisconsin business corporation law, a majority of the number of directors fixed by Section 3.2(a) or appointed by the Board of Directors to a committee shall constitute a quorum for the transaction of business at any meeting of the Board of Directors or committee; provided, however, that even though less than such quorum is present at a meeting, a majority of the directors present may adjourn the meeting from time to time without further notice. Except as otherwise provided in the Articles of Incorporation, the By-Laws or the Wisconsin business corporation law, if a quorum is present when a vote is taken, the affirmative vote of a majority of directors present is the act of the Board of Directors or committee.

SECTION 3.12. Presumption of Assent. A director of the Corporation who is present and is announced as present at a meeting of the Board of Directors or a committee thereof at which action on any corporate matter is taken is deemed to have assented to the action taken unless (i) such director objects at the beginning of the meeting or promptly upon arrival to holding the meeting or transacting business at the meeting, (ii) such director dissents or abstains from an action taken and minutes of the meeting are prepared that show the director's dissent or abstention from the action taken, (iii) such director delivers written notice of his dissent or abstention to the presiding officer of the meeting before its adjournment or to the Corporation (directed to the Secretary) immediately after adjournment of the meeting, or (iv) such director dissents or abstains from an action taken, minutes of the meeting are prepared that fail to show the director's dissent or abstention from the action taken and the director delivers to the Corporation

(directed to the Secretary) a written notice of that failure promptly after receiving the minutes. A director who votes in favor of action taken may not dissent or abstain from that action.

SECTION 3.13. Informal Action Without Meeting. Any action required or permitted by the Articles of Incorporation, the By-Laws or any provision of law to be taken by the Board of Directors or a committee at a meeting may be taken without a meeting if the action is taken by all of the directors or committee members then in office. The action shall be evidenced by one or more written consents describing the action taken, signed by each director and retained by the Corporation. Any such consent is effective when the last director signs the consent, unless the consent specifies a different effective date.

SECTION 3.14. Telephonic or Other Meetings. Unless the Articles of Incorporation provide otherwise, any or all directors may participate in a regular or special meeting of the Board of Directors or any committee thereof by, or conduct the meeting through the use of, any means of communication by which (i) all directors participating may simultaneously hear each other during the meeting, (ii) all communication during the meeting is immediately transmitted to each participating director and (iii) each participating director is able to immediately send messages to all other participating directors. If the meeting is to be conducted through the use of any such means of communication all participating directors shall be informed that a meeting is taking place at which official business may be transacted. A director participating in a meeting by this means is deemed to be present in person at the meeting. Notwithstanding the foregoing, the Chairman of the Board, or other presiding officer, shall, at any time, have the authority to deem any business or resolution not appropriate for meetings held pursuant to this Section 3.14.

SECTION 3.15. Chairman of the Board. The Board of Directors shall have a Chairman of the Board, who shall be one of its members, to serve as its leader with respect to its activities. The Chairman of the Board shall be elected by the Board of Directors. The Board of Directors may remove and replace the Chairman of the Board at any time with or without cause. The Chairman of the Board shall not be an officer or employee of the Corporation by virtue of such position. The Chairman of the Board shall preside at all annual and special meetings of shareholders and all regular and special meetings of the Board of Directors, in each case except as he delegates to the President and Chief Executive Officer or as otherwise may be determined by the Board of Directors.

#### ARTICLE IV. OFFICERS

SECTION 4.1. Number. The principal officers of the Corporation shall be a President and Chief Executive Officer, one or more Vice Presidents, any number of whom may be designated as Senior Executive Vice President, Executive Vice President or Senior Vice President, a Secretary and a Treasurer, each of whom shall be elected by the Board of Directors. Such other officers as may be deemed necessary may be elected or appointed by or under the authority of the Board of Directors. Such other assistant officers as may be deemed necessary may be appointed by the Board of Directors or the President and Chief Executive Officer for such term as is specified in the appointment. The same natural person may simultaneously hold more than one office in the Corporation.

SECTION 4.2. Election and Term of Office. The officers of the Corporation to be elected by the Board of Directors shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after the annual meeting of the shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as convenient. Each officer shall hold office until his successor shall have been duly elected or until his death or until he shall resign or shall have been removed in the manner hereinafter provided.

SECTION 4.3. Removal. The Board of Directors may remove any officer at any time with or without cause and notwithstanding the contract rights, if any, of the officer removed. The Board of Directors or the President and Chief Executive Officer may remove any assistant officer who was appointed by the Board or the President and Chief Executive Officer. The appointment of an officer or assistant officer does not itself create contract rights.

SECTION 4.4. Vacancies. A vacancy in any principal office because of death, resignation, removal, disqualification or otherwise, shall be filled by the Board of Directors for the unexpired portion of the term. A

vacancy in any assistant office because of death, resignation, removal, disqualification or otherwise may be filled by the Board of Directors or the President and Chief Executive Officer.

SECTION 4.5. President and Chief Executive Officer. The President and Chief Executive Officer shall be the chief executive officer of the Corporation, shall have executive authority to see that all orders and resolutions of the Board of Directors are carried into effect and shall, subject to the control vested in the Board of Directors by the Wisconsin Business Corporation Law, administer and be responsible for the management of the business and affairs of the Corporation. In the absence of the Chairman of the Board, the President and Chief Executive Officer shall preside at annual and special meetings of shareholders. The President and Chief Executive Officer shall have authority to sign, execute and acknowledge, on behalf of the Corporation, all deeds, mortgages, bonds, stock certificates, contracts, leases, reports and all other documents or instruments necessary or proper to be executed in the course of the Corporation's regular business or which shall be authorized by the Board of Directors; and, except as otherwise provided by law, or limited by the Board of Directors, he may authorize any Vice President or other officer or agent of the Corporation to sign, execute and acknowledge such documents or instruments in his place and stead. The President and Chief Executive Officer shall perform such other duties as are incident to the office of President and Chief Executive Officer or as may be prescribed from time to time by the Board of Directors.

SECTION 4.6. Vice Presidents. One or more of the Vice Presidents may be designated as Senior Executive Vice President, Executive Vice President or Senior Vice President. In the absence of the President and Chief Executive Officer or in the event of his death, inability or refusal to act, the Vice Presidents in the order designated at the time of their election, shall perform the duties of the President and Chief Executive Officer and when so acting shall have all the powers of and be subject to all the restrictions upon the President and Chief Executive Officer. Any Vice President may sign with the Secretary or Assistant Secretary certificates for shares of the Corporation. Any Vice President shall perform such other duties as are incident to the office of Vice President or as may be prescribed from time to time by the Board of Directors or the President and Chief Executive Officer.

SECTION 4.7. Secretary. The Secretary shall: (i) keep the minutes of the shareholders and Board of Directors meetings in one or more books provided for that purpose, (ii) see that all notices are duly given in accordance with the provisions of the By-Laws or as required by law, (iii) be custodian of the Corporation's records and of the seal of the Corporation, (iv) see that the seal of the Corporation is affixed to all appropriate documents the execution of which on behalf of the Corporation under its seal is duly authorized, (v) keep a register of the address of each shareholder which shall be furnished to the Secretary by such shareholder and (vi) perform all duties incident to the office of Secretary and such other duties as may be prescribed from time to time by the Board of Directors or the President and Chief Executive Officer.

SECTION 4.8. Treasurer. The Treasurer shall: (i) have charge and custody of and be responsible for all funds and securities of the Corporation, (ii) receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation, and (iii) in general perform all of the duties incident to the office of Treasurer and have such other duties and exercise such other authority as from time to time may be delegated or assigned by the Board of Directors or the President and Chief Executive Officer.

SECTION 4.9. Assistant Secretaries and Assistant Treasurers. An Assistant Secretary, if any, when authorized by the Board of Directors, may sign with the President and Chief Executive Officer or any Vice President certificates for shares of the Corporation, the issuance of which shall have been authorized by a resolution of the Board of Directors. An Assistant Treasurer, if any, shall, if required by the Board of Directors, give bonds for the faithful discharge of his duties in such sums and with such sureties as the Board of Directors shall determine. The Assistant Secretaries and Assistant Treasurers, in general, shall perform such duties as shall be assigned to them by the Board of Directors, the President and Chief Executive Officer or the Secretary or the Treasurer, respectively.

SECTION 4.10. Salaries. The salaries of the officers shall be fixed from time to time by the Board of Directors or a committee authorized by the Board to fix the same, and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director of the Corporation or a member of such committee.

## ARTICLE V. CONTRACTS; VOTING OF STOCK IN OTHER CORPORATIONS

SECTION 5.1. Contracts. The Board of Directors may authorize any officer or officers, committee, or any agent or agents to enter into any contract or execute and deliver any instrument in the name of and on behalf of the Corporation, and such authorization may be general or confined to specific instances.

SECTION 5.2. Voting of Stock in Other Corporations. The Board of Directors by resolution shall from time to time designate one or more persons to vote all stock held by this Corporation in any other corporation or entity, may designate such persons in the alternative and may empower them to execute proxies to vote in their stead. In the absence of any such designation by the Board of Directors, the President and Chief Executive Officer shall be authorized to vote any stock held by the Corporation or execute proxies to vote such stock.

## ARTICLE VI. CERTIFICATES FOR SHARES AND THEIR TRANSFER

SECTION 6.1. Certificates for Shares. Shares of the Corporation may be issued in certificated or uncertificated form. Such shares shall be in the form determined by, or under the authority of a resolution of, the Board of Directors, which shall be consistent with the requirements of the Wisconsin business corporation law.

(a) Certificated Shares. Shares represented by certificates shall be signed by the President and Chief Executive Officer or a Vice President and by the Secretary or an Assistant Secretary. The validity of a share certificate is not affected if a person who signed the certificate no longer holds office when the certificate is issued. All certificates for shares shall be consecutively numbered or otherwise identified. The name and address of the person to whom shares are issued, with the number of shares and date of issue, shall be entered on the stock transfer books of the Corporation. All certificates surrendered to the Corporation for transfer shall be canceled and no new certificate shall be issued until the former certificate for a like number of shares shall have been surrendered and canceled, except that in case of a lost, destroyed or mutilated certificate a new one may be issued upon such terms and indemnity to the Corporation as the Board of Directors may prescribe.

(b) Uncertificated Shares. Shares may also be issued in uncertificated form. Within a reasonable time after issuance or transfer of such shares, the Corporation shall send the shareholder a written statement of the information required on share certificates under the Wisconsin business corporation law, including: (1) the name of the Corporation; (2) the name of person to whom shares were issued; (3) the number and class of shares and the designation of the series, if any, of the shares issued; and (4) either a summary of the designations, relative rights, preferences and limitations, applicable to each class, and the variations in rights, preferences and limitations determined for each series and the authority of the Board of Directors to determine variations for future series, or a conspicuous statement that the Corporation will furnish the information specified in this subsection without charge upon the written request of the shareholder.

SECTION 6.2. Transfer of Shares. Transfer of shares of the Corporation shall be made only on the stock transfer books of the Corporation by the holder of record of such shares, or his or her legal representative, who shall furnish proper evidence of authority to transfer or by an attorney thereunto authorized by power of attorney duly executed and filed with the Secretary of the Corporation, and on surrender for cancellation of the certificate for such shares, if any. The person in whose name shares stand on the books and records of the Corporation shall be deemed by the Corporation to be the owner thereof for all purposes, except as otherwise required by the Wisconsin business corporation law.

SECTION 6.3. Stock Regulations. The Board of Directors shall have the power and authority to make all such further rules and regulations not inconsistent with the statutes of the State of Wisconsin as they may deem expedient concerning the issue, transfer and registration of shares of the Corporation represented in certificated or uncertificated form, including the appointment or designation of one or more stock transfer agents and one or more stock registrars.

## ARTICLE VII. INDEMNIFICATION; INSURANCE

## SECTION 7.1. Indemnity of Directors, Officers, Employees and Designated Agents.

## (a) Definitions to Indemnification and Insurance Provisions.

(1) "Director, Officer, Employee or Agent" means any of the following: (i) A natural person who is or was a director, officer, employee or agent of the Corporation; (ii) A natural person who, while a director, officer, employee or agent of the Corporation, is or was serving either pursuant to the Corporation's specific request or as a result of the nature of such person's duties to the Corporation as a director, officer, partner, trustee, member of any governing or decision making committee, employee or agent of another corporation or foreign corporation, partnership, joint venture, trust or other enterprise; (iii) A natural person who, while a director, officer, employee or agent of the Corporation, is or was serving an employee benefit plan because his or her duties to the Corporation also impose duties on, or otherwise involve services by, the person to the plan or to participants in or beneficiaries of the plan; or (iv) Unless the context requires otherwise, the estate or personal representative of a director, officer, employee or agent. Notwithstanding the foregoing, an agent falls within the foregoing definition only upon a resolution of the Board of Directors or committee appointed thereby that such agent shall be entitled to the indemnification provided herein.

(2) "Liability" means the obligation to pay a judgment, penalty, assessment, forfeiture or fine, including an excise tax assessed with respect to an employee benefit plan, the agreement to pay any amount in settlement of a Proceeding (whether or not approved by a court order), and reasonable expenses and interest related to the foregoing.

(3) "Party" means a natural person who was or is, or who is threatened to be made, a named defendant or respondent in a Proceeding.

(4) "Proceeding" means any threatened, pending or completed civil, criminal, administrative or investigative action, suit, arbitration or other proceeding, whether formal or informal (including but not limited to any act or failure to act alleged or determined to have been negligent, to have violated the Employee Retirement Income Security Act of 1974, or to have violated Section 180.0833 of the Wisconsin Statutes, or any successor thereto, regarding improper dividends, distributions of assets, purchases of shares of the Corporation, or loans to officers), which involves foreign, federal, state or local law and which is brought by or in the right of the Corporation or by any other person or entity.

(5) "Expenses" means all reasonable fees, costs, charges, disbursements, attorneys' fees and any other expenses incurred in connection with a Proceeding.

## (b) Indemnification of Officers, Directors, Employees and Agents.

(1) The Corporation shall indemnify a Director, Officer, Employee or Agent to the extent he or she has been successful on the merits or otherwise in the defense of any Proceeding, for all reasonable Expenses in a Proceeding if the Director, Officer, Employee or Agent was a Party because he or she is a Director, Officer, Employee or Agent of the Corporation.

(2) In cases not included under subsection (1), the Corporation shall indemnify a Director, Officer, Employee or Agent against Liability and Expenses incurred in a Proceeding to which the Director, Officer, Employee or Agent was a Party because he or she is a Director, Officer, Employee or Agent of the Corporation, unless it is determined by final judicial adjudication that such person breached or failed to perform a duty owed to the Corporation which constituted any of the following:



(i) A willful failure to deal fairly with the Corporation or its shareholders in connection with a matter in which the Director, Officer, Employee or Agent has a material conflict of interest;

(ii) A violation of criminal law, unless the Director, Officer, Employee or Agent had reasonable cause to believe his or her conduct was lawful or no reasonable cause to believe his or her conduct was unlawful;

(iii) A transaction from which the Director, Officer, Employee or Agent derived an improper personal profit; or

(iv) Willful misconduct.

(3) Indemnification under this Section 7.1 is not required to the extent the Director, Officer, Employee or Agent has previously received indemnification or allowance of expenses from any person or entity, including the Corporation, in connection with the same Proceeding.

(4) Indemnification required under subsection (b) (1) shall be made within 10 days of receipt of a written demand for indemnification. Indemnification required under subsection (b) (2) shall be made within 30 days of receipt of a written demand for indemnification.

(5) Upon written request by a Director, Officer, Employee or Agent who is a Party to a Proceeding, the Corporation shall pay or reimburse his or her reasonable Expenses as incurred if the Director, Officer, Employee or Agent provides the Corporation with all of the following:

(i) A written affirmation of his or her good faith belief that he or she is entitled to indemnification under Section 7.1; and

(ii) A written undertaking, executed personally or on his or her behalf, to repay all amounts advanced without interest to the extent that it is ultimately determined that indemnification under Section 7.1(b)(2) is prohibited. The undertaking under this subsection shall be accepted without reference to the ability of the Director, Officer, Employee or Agent to repay the allowance. The undertaking shall be unsecured.

(c) Determination that Indemnification is Proper.

(1) Unless provided otherwise by a written agreement between the Director, Officer, Employee or Agent and the Corporation, determination of whether indemnification is required under subsection (b) shall be made by one of the following methods, which in the case of a Director or Officer seeking indemnification shall be selected by such Director or Officer: (i) by a majority vote of a quorum of the Board of Directors consisting of directors who are not at the time parties to the same or related proceedings or, if a quorum of disinterested directors cannot be obtained, by a majority vote of a committee duly appointed by the Board of Directors (which appointment by the Board may be made by directors who are parties to the proceeding) consisting solely of two or more directors who are not at the time parties to the same or related proceedings, (ii) by a panel of three arbitrators consisting of (a) one arbitrator selected by a quorum of the Board of Directors or its committee constituted as required under (i), above, or, if unable to obtain such a quorum or committee, by a majority vote of the full Board of Directors, including directors who are parties to the same or related proceedings, (b) one arbitrator selected by the director or officer seeking indemnification and (c) one arbitrator selected by the other two arbitrators, (iii) by an affirmative vote of shareholders as provided under Section 2.9, except that shares owned by, or voted under the control of, persons who are at the time parties to the same or related proceedings, whether as plaintiffs or defendants or in any other capacity, may not be voted in making the



determination, or (iv) by a court of competent jurisdiction as permitted under the Wisconsin business corporation law; provided, however, that with respect to any additional right to indemnification permissible under the Wisconsin business corporation law and granted by the Corporation, the determination of whether such additional right of indemnification is required shall be made by any method permissible under the Wisconsin business corporation law, as such methods may be limited by the grant of such additional right to indemnification.

(2) A Director, Officer, Employee or Agent who seeks indemnification under this Section 7.1 shall make a written request to the Corporation. As a further precondition to any right to receive indemnification, the writing shall contain a declaration that the Corporation shall have the right to exercise all rights and remedies available to such Director, Officer, Employee or Agent against any other person, corporation, foreign corporation, partnership, joint venture, trust or other enterprise arising out of, or related to, the Proceeding which resulted in the Liability and the Expense for which such Director, Officer, Employee or Agent is seeking indemnification, and that the Director, Officer, Employee or Agent is hereby deemed to have assigned to the Corporation all such rights and remedies.

(d) Insurance. The Corporation shall have the power to purchase and maintain insurance on behalf of any person who is a Director, Officer, Employee or Agent against any Liability asserted against or incurred by the individual in any such capacity or arising out of his status as such, regardless of whether the Corporation is required or authorized to indemnify or allow expenses to the individual under this Section 7.1.

(e) Severability. The provisions of this Section 7.1 shall not apply in any circumstance where a court of competent jurisdiction determines that indemnification would be invalid as against public policy, but such provisions shall not apply only to the extent that they are invalid as against public policy and shall otherwise remain in full force and effect.

(f) Limitation or Expansion of Indemnification. The right to indemnification under this Section 7.1 may be limited or reduced only by subsequent affirmative vote of not less than two-thirds of the Corporation's outstanding capital stock entitled to vote on such matters. Any limitation or reduction in the right to indemnification may only be prospective from the date of such vote. The Board of Directors, however, shall have the authority to expand the indemnification permitted under this Section 7.1 to the fullest extent permissible under the Wisconsin business corporation law as in effect on the date of any such resolution with or without further amendment to this Section 7.1.

#### ARTICLE VIII. AMENDMENTS

SECTION 8.1. Amendment by the Board of Directors. The By-Laws of the Corporation may be amended or repealed by the Board of Directors unless any of the following apply:

(a) The Articles of Incorporation, the particular by-law or the Wisconsin business corporation law reserve this power exclusively to the shareholders in whole or part;

(b) The shareholders in adopting, amending, or repealing a particular by-law provide expressly within the by-law that the Board of Directors may not amend, repeal or readopt that by-law; or

(c) The by-law fixes a greater or lower quorum requirement or greater voting requirement for shareholders.

Action by the Board of Directors to adopt or amend a by-law that changes the quorum or voting requirement for the Board of Directors must meet the same quorum requirement and be adopted by the same vote required to take action under the quorum and voting requirement then in effect.

SECTION 8.2 . Amendment by the Corporation's Shareholders. The Corporation's shareholders may amend or repeal the Corporation's By-Laws or adopt new by-laws even though the Board of Directors may also amend or repeal the Corporation's By-Laws or adopt new by-laws. The adoption or amendment of a by-law that adds, changes or deletes a greater or lower quorum requirement or a greater voting requirement for shareholders or the Board of Directors must meet the same quorum and voting requirement then in effect.

#### ARTICLE IX. CORPORATE SEAL

SECTION 9.1. Corporate Seal. The Board of Directors may provide for a corporate seal which may be circular in form and have inscribed thereon any designation including the name of the corporation, Wisconsin as the state of incorporation, and the words "Corporate Seal." Any instrument executed in the corporate name by the proper officers of the Corporation under any seal, including the words "Seal," "Corporate Seal" or similar designation, is sealed even though the corporate seal is not used.

#### ARTICLE X. EMERGENCY BY-LAWS

SECTION 10.1. Emergency By-Laws. Unless the Articles of Incorporation provide otherwise, the following provisions of this Article X shall be effective during an "Emergency," which is defined as a catastrophic event that prevents a quorum of the Corporation's directors from being readily assembled.

SECTION 10.2. Notice of Board Meetings. During an Emergency, any one member of the Board of Directors or any one of the following officers: Chairman of the Board, President and Chief Executive Officer, any Vice-President or Secretary, may call a meeting of the Board of Directors. Notice of such meeting need be given only to those directors whom it is practicable to reach, and may be given in any practical manner, including by publication or radio. Such notice shall be given at least six hours prior to commencement of the meeting.

SECTION 10.3. Temporary Directors and Quorum. One or more officers of the Corporation present at the Emergency meeting of the Board of Directors, as is necessary to achieve a quorum, shall be considered to be directors for the meeting, and shall so serve in order of rank, and within the same rank, in order of seniority. In the event that less than a quorum (as determined by Section 3.11) of the directors are present (including any officers who are to serve as directors for the meeting), those directors present (including the officers serving as directors) shall constitute a quorum.

SECTION 10.4. Actions Permitted To Be Taken. The board as constituted in Section 10.3, and after notice as set forth in Section 10.2 may:

- (a) Officers' Powers. Prescribe emergency powers to any officers of the Corporation;
- (b) Delegation of Any Power. Delegate to any officer or director, any of the powers of the Board of Directors;
- (c) Lines of Succession. Designate lines of succession of officers and agents, in the event that any of them are unable to discharge their duties;
- (d) Relocate Principal Place of Business. Relocate the principal place of business, or designate successive or simultaneous principal places of business; and
- (e) All Other Action. Take any and all other action, convenient, helpful, or necessary to carry on the business of the Corporation.

Corporate action taken in good faith in accordance with the emergency by-laws binds the Corporation and may not be used to impose liability on any of the Corporation's directors, officers, employees or agents.

