
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended: **June 30, 2004**

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 No

Indicate by check mark whether the Registrant is an accelerated filer (as defined in rule 12b-2 of the Exchange Act). Yes No

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

<u>Class</u>	<u>Shares Outstanding at July 30, 2004</u>
Common Stock, \$.01 par value	90,114,008

[Table of Contents](#)

MANPOWER INC. AND SUBSIDIARIES
INDEX

	<u>Page Number</u>
PART I	FINANCIAL INFORMATION
Item 1	Financial Statements (unaudited)
	Consolidated Balance Sheets 3-4
	Consolidated Statements of Operations 5
	Consolidated Statements of Cash Flows 6
	Notes to Consolidated Financial Statements 7-14
Item 2	Management’s Discussion and Analysis of Financial Condition and Results of Operations 15-23
Item 3	Quantitative and Qualitative Disclosures About Market Risk 23
Item 4	Controls and Procedures 23
PART II	OTHER INFORMATION
Item 4	Submission of Matters to a Vote of Security Holders 24
Item 5	Other Information 24
Item 6	Exhibits and Reports on Form 8-K 24
	FINANCIAL MEASURES 25-26
	SIGNATURES 27
	EXHIBIT INDEX 28

PART I - FINANCIAL INFORMATION**Item 1 – Financial Statements****MANPOWER INC. AND SUBSIDIARIES****Consolidated Balance Sheets (Unaudited)
(in millions)****ASSETS**

	<u>June 30, 2004</u>	<u>December 31, 2003</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 440.4	\$ 426.2
Accounts receivable, less allowance for doubtful accounts of \$82.3 and \$79.1, respectively	2,882.0	2,609.4
Prepaid expenses and other assets	148.0	100.1
Future income tax benefits	110.7	101.4
	<u> </u>	<u> </u>
Total current assets	3,581.1	3,237.1
OTHER ASSETS:		
Goodwill and other intangible assets, less accumulated amortization of \$57.3 and \$53.6, respectively	1,241.3	573.8
Investments in licensees	62.9	66.2
Other assets	257.5	320.7
	<u> </u>	<u> </u>
Total other assets	1,561.7	960.7
PROPERTY AND EQUIPMENT:		
Land, buildings, leasehold improvements and equipment	632.1	606.3
Less: accumulated depreciation and amortization	423.2	419.2
	<u> </u>	<u> </u>
Net property and equipment	208.9	187.1
	<u> </u>	<u> </u>
Total assets	<u>\$ 5,351.7</u>	<u>\$ 4,384.9</u>

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

MANPOWER INC. AND SUBSIDIARIES
Consolidated Balance Sheets (Unaudited)
(in millions, except share and per share data)
LIABILITIES AND SHAREHOLDERS' EQUITY

	June 30, 2004	December 31, 2003
CURRENT LIABILITIES:		
Accounts payable	\$ 714.1	\$ 555.4
Employee compensation payable	129.6	105.6
Accrued liabilities	476.0	360.0
Accrued payroll taxes and insurance	486.7	476.6
Value added taxes payable	401.0	368.2
Short-term borrowings and current maturities of long-term debt	215.5	12.1
	<hr/>	<hr/>
Total current liabilities	2,422.9	1,877.9
OTHER LIABILITIES:		
Long-term debt	624.3	829.6
Other long-term liabilities	373.6	367.1
	<hr/>	<hr/>
Total other liabilities	997.9	1,196.7
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 100,034,151 and 88,604,575 shares, respectively	1.0	.9
Capital in excess of par value	2,291.3	1,732.5
Accumulated deficit	(84.0)	(167.6)
Accumulated other comprehensive income	6.4	28.3
Treasury stock at cost, 9,946,475 and 9,945,200 shares, respectively	(283.8)	(283.8)
	<hr/>	<hr/>
Total shareholders' equity	1,930.9	1,310.3
	<hr/>	<hr/>
Total liabilities and shareholders' equity	\$5,351.7	\$ 4,384.9
	<hr/>	<hr/>

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,	
	2004	2003	2004	2003
Revenues from services	\$ 3,622.4	\$ 3,013.4	\$ 6,956.5	\$ 5,692.1
Cost of services	2,943.1	2,491.9	5,660.7	4,704.6
Gross profit	679.3	521.5	1,295.8	987.5
Selling and administrative expenses	584.1	464.5	1,144.4	897.5
Operating profit	95.2	57.0	151.4	90.0
Interest and other expenses	12.3	9.2	8.3	17.8
Earnings before income taxes	82.9	47.8	143.1	72.2
Provision for income taxes	29.8	18.7	50.4	28.2
Net earnings	\$ 53.1	\$ 29.1	\$ 92.7	\$ 44.0
Net earnings per share	\$.59	\$.38	\$ 1.06	\$.57
Net earnings per share – diluted	\$.56	\$.37	\$ 1.01	\$.56
Weighted average common shares	89.6	77.5	87.7	77.4
Weighted average common shares – diluted	97.4	78.3	92.9	78.2

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

MANPOWER INC. AND SUBSIDIARIES
Consolidated Statements of Cash Flows (Unaudited)
(in millions)

	6 Months Ended June 30,	
	2004	2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 92.7	\$ 44.0
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	41.4	31.4
Amortization of discount on convertible debentures	3.9	3.8
Deferred income taxes	(8.9)	4.7
Provision for doubtful accounts	12.2	8.0
Other non-operating gains	(14.2)	—
Changes in operating assets and liabilities, excluding the impact of acquisitions:		
Accounts receivable	(245.1)	(76.5)
Other assets	13.3	(25.8)
Other liabilities	172.3	28.1
Cash provided by operating activities	67.6	17.7
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(27.0)	(23.8)
Acquisitions of businesses, net of cash acquired	(103.6)	(2.5)
Proceeds from the sale of an equity interest	29.8	—
Proceeds from the sale of property and equipment	3.8	2.5
Cash used by investing activities	(97.0)	(23.8)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in short-term borrowings	8.7	(7.8)
Proceeds from long-term debt	92.1	26.5
Repayments of long-term debt	(92.1)	(63.2)
Proceeds from stock option and purchase plans	52.8	13.9
Dividends paid	(9.1)	(7.8)
Cash provided (used) by financing activities	52.4	(38.4)
Effect of exchange rate changes on cash	(8.8)	12.6
Net increase (decrease) in cash and cash equivalents	14.2	(31.9)
Cash and cash equivalents, beginning of year	426.2	284.0
Cash and cash equivalents, end of period	\$ 440.4	\$ 252.1
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 18.8	\$ 14.2
Income taxes paid	\$ 40.7	\$ 35.5

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, 2004 and 2003
(in millions, except share and per share data)

(1) Basis of Presentation and Accounting Policies

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 we believe 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 our 2003 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.

Use of Estimates

We have used estimates to establish liability balances for various items, including amounts related to social program remittances in France and payroll tax audit exposures. The liabilities are determined in each country, based on our historical experience and related trends, and will be adjusted to the extent that our actual experience differs from our current estimates. In France, we are currently under audit for payroll tax remittances made during 2001 and for remittances made during 2002 and 2003. We have received a preliminary notification related to 2001 and have responded to the notification with additional information. We currently do not expect a significant adjustment to our estimate of additional remittances as a result of this notification.

[Table of Contents](#)

Stock Compensation Plans

We account for all of our fixed stock option plans and our 1990 Employee Stock Purchase Plan in accordance with APB Opinion No. 25, "Accounting for Stock Issued to Employees," and related Interpretations. No stock-based employee compensation expense is reflected in Net earnings as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. The following table illustrates the effect on Net earnings and Net earnings per share if we had applied the fair value recognition provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock-based Compensation," to stock-based employee compensation.

	3 Months Ended June 30,		6 Months Ended June 30,	
	2004	2003	2004	2003
Net earnings, as reported	\$ 53.1	\$ 29.1	\$ 92.7	\$ 44.0
Less: Total stock-based employee compensation expense determined under the fair value method for all awards, net of related tax effects	(2.7)	(1.5)	(4.7)	(3.3)
Pro forma net earnings	50.4	27.6	88.0	40.7
Add: Amortization of discount on convertible debentures, net of taxes	1.2	—	1.2	—
Pro forma net earnings – diluted	\$ 51.6	\$ 27.6	\$ 89.2	\$ 40.7
Net earnings per share:				
As reported	\$.59	\$.38	\$ 1.06	\$.57
Pro forma	\$.57	\$.36	\$ 1.01	\$.53
Net earnings per share – diluted:				
As reported	\$.56	\$.37	\$ 1.01	\$.56
Pro forma	\$.53	\$.36	\$.97	\$.53

During the second quarter of 2004 and 2003, we recognized \$.2 and \$.2 of expense, net of tax, respectively, related to restricted stock grants and for the first six months of 2004 and 2003, we recognized \$.3 and \$.2, respectively.

(2) Recently Issued Accounting Standards

During December 2003, the Financial Accounting Standards Board ("FASB") revised SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," to require additional disclosures about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. We adopted this Statement as of December 31, 2003, which requires interim-period disclosures of the components of net periodic benefit cost and, if significantly different from previously disclosed amounts, the amount of contributions and projected contributions to fund pension plans and other postretirement benefit plans.

[Table of Contents](#)

During January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities," which clarifies the consolidation and disclosure requirements related to variable interests in a variable interest entity. A variable interest entity is an entity for which control is achieved through means other than voting rights. The consolidation provisions of this Interpretation, as revised, were effective immediately for interests created after January 31, 2003, and were effective on March 31, 2004 for interests created before February 1, 2003. This Interpretation did not have an impact on our consolidated financial statements as we do not have any variable interest entities that require consolidation.

During May 2004, the FASB issued FASB Staff Position ("FSP") No. 106-2, "Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 ("the Act")," which provides guidance on accounting for the effects of the new Medicare prescription drug legislation. FSP 106-2 is effective for us in the third quarter of 2004. The Act, which was signed into law on December 8, 2003, introduces a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. We have not yet determined whether the prescription drug benefits offered under our Retiree Health Care Plan are actuarially equivalent to Medicare Part D, therefore our related net periodic benefit cost does not reflect any amount associated with the subsidy. We do not expect the adoption of this FSP to be material to our consolidated financial statements.

(3) [Acquisitions](#)

On January 22, 2004, we completed our exchange offer to acquire Right Management Consultants, Inc. ("RMC"), the world's largest career transition and organizational consulting services firm, operating through over 300 offices in 35 countries. The results of RMC's operations are included in our consolidated financial statements since that date. The acquisition of RMC expands the range of services that we offer to customers as a strategic partner throughout every stage of the employment cycle. We have merged our Empower operations into RMC, resulting in a separate reportable segment referred to as Right.

Substantially all of RMC's outstanding shares were tendered and exchanged at a rate of .3874 of a share of our common stock and cash was paid for fractional shares for each RMC share. The remaining outstanding shares were converted into the right to acquire our common stock at the same exchange rate.

The preliminary purchase price reflected in the consolidated financial statements as of June 30, 2004, which is subject to revision, was comprised of the following items:

Fair value of our common stock issued	\$428.4
Fair value of RMC stock options assumed	65.5
Long-term debt repaid upon change of control	123.8
Severance and additional SERP liabilities, net of deferred tax assets	7.5
Estimated acquisition-related costs	17.5
	<hr/>
Preliminary purchase price	\$642.7
	<hr/>

We have issued 8,852,000 shares of our common stock and the value of such shares was calculated based on an average price over a 2-day period prior to the completion of the transaction.

We assumed both of RMC's stock option plans, converting outstanding options to purchase shares of RMC common stock into options to purchase 1,962,000 shares of our common stock. The fair value of these options was based on an independent valuation using the Black-Scholes option-pricing model.

[Table of Contents](#)

We were required to repay certain of RMC's long-term debt due to change of control provisions contained in these agreements. We financed this repayment with excess cash and borrowings under our U.S. Receivables Facility, which were subsequently repaid.

The preliminary purchase price also includes amounts paid or accrued for a severance agreement and the estimated liability resulting from the accelerated vesting of RMC's Supplemental Executive Retirement Plan ("SERP"). The estimated liability resulting from the accelerated vesting of the SERP was based on a preliminary independent valuation. Deferred tax assets of \$4.6 were recorded related to these items.

The estimated acquisition-related costs consist primarily of investment banking, legal and accounting fees, printing costs and other external costs directly related to the acquisition. This amount may change as amounts are finalized.

The purchase price allocation has not been completed, as we do not yet have a final valuation of the intangible assets acquired. The total purchase price will be allocated to RMC's net tangible and identifiable intangible assets based upon their fair values as of the acquisition date. In connection with this acquisition, we have also established reserves for severances and other exit costs related to RMC. The excess of the purchase price over the net tangible and identifiable intangible assets will be recorded as goodwill.

Based on a preliminary independent valuation, we have identified approximately \$160.0 of amortizable intangible assets related to RMC's customer list, technology and franchise agreements. These items were preliminarily assigned an estimated weighted-average useful life of 15 years. We have also preliminarily identified approximately \$190.0 as a non-amortizable intangible asset related to RMC's tradename. Based on this preliminary independent valuation and the estimated fair value of tangible assets acquired, approximately \$330.0 in goodwill has been recorded as of June 30, 2004. We currently estimate that approximately \$10.0 of goodwill resulting from this transaction will be deductible for tax purposes.

The pro forma consolidated results below combine the historical results of our operations and RMC's operations for the three and six months ended June 30, 2004 and 2003, respectively, and have been prepared to reflect the acquisition as if it had been consummated on January 1, 2003.

	3 Months Ended June 30,		6 Months Ended June 30,	
	2004	2003	2004	2003
Revenue from services	\$ 3,622.4	\$ 3,131.8	\$ 6,980.5	\$ 5,933.9
Net earnings	53.1	40.7	93.5	65.6
Net earnings per share	\$.59	\$.47	\$ 1.05	\$.75
Net earnings per share – diluted	.56	.46	1.00	.74

In connection with a European acquisition completed during the first quarter of 2004, we established a reserve of \$16.7 for severances and other exit costs related to the acquired company. These expenses are being funded by the inflow of cash that resulted from the acquisition, the majority of which is expected to be paid out during 2004. Since the date of the acquisition, there has been \$9.1 paid from this reserve.

[Table of Contents](#)

(4) Income Taxes

We provided for income taxes during the first half of 2004 at a rate of 35.2%, based on our current estimate of the annual effective tax rate of 36.0%, adjusted for the tax impact of the non-operating gains recorded in the first quarter. These non-operating gains include the sale of our equity interest in a European internet job board. This rate is higher than the U.S. Federal statutory rate of 35.0% due primarily to the impact of higher U.S. state income taxes. For the year ended December 31, 2003 we provided for income taxes at a rate of 38.0%. The estimated effective tax rate for 2004, excluding the non-operating gains in the first quarter, is lower than the 2003 rate due to the tax effects of certain internal corporate restructurings that began in late 2003.

We have tax contingencies recorded for items in various countries, including amounts related to items under audit. These amounts are adjusted to the extent the related items are settled. During July 2004, we received notification that income tax audits for certain years have been completed. Based on the results of these audits, we will reverse a tax contingency of approximately \$8.0 to income in the third quarter of 2004.

(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,	
	2004	2003	2004	2003
Net earnings per share:				
Net earnings available to common shareholders	\$53.1	\$29.1	\$92.7	\$44.0
Weighted average common shares outstanding	89.6	77.5	87.7	77.4
	<u>\$.59</u>	<u>\$.38</u>	<u>\$1.06</u>	<u>\$.57</u>
Net earnings per share – diluted:				
Net earnings available to common shareholders	\$53.1	\$29.1	\$92.7	\$44.0
Amortization of discount on convertible debentures, net of taxes	1.2	—	1.2	—
	<u>\$54.3</u>	<u>\$29.1</u>	<u>\$93.9</u>	<u>\$44.0</u>
Weighted average common shares outstanding	89.6	77.5	87.7	77.4
Effect of dilutive stock options	1.7	.8	2.2	.8
Effect of convertible debentures	6.1	—	3.0	—
	<u>97.4</u>	<u>78.3</u>	<u>92.9</u>	<u>78.2</u>
	<u>\$.56</u>	<u>\$.37</u>	<u>\$1.01</u>	<u>\$.56</u>

The calculation of Net earnings per share – diluted does not include certain stock option grants because the exercise price for these options is greater than the average market price of the common shares during the period. There were .2 million and .7 million of such options excluded from the calculation for the three months ended June 30, 2004 and 2003, respectively. There were .2 million and 2.4 million of such options excluded from the calculation for the six months ended June 30, 2004 and 2003, respectively.

During the second quarter of 2004, our unsecured zero-coupon convertible debentures, due August 17, 2021 (“Debentures”) became convertible because our share price exceeded certain thresholds defined in the agreement (see below for further information). Therefore, the 6.1 million shares of common stock that are contingently issuable under the Debentures are included in the calculation of Net earnings per share – diluted, using the “if-converted” method, effective April 1, 2004. Under the “if-converted” method, net earnings available to common shareholders are adjusted for the amortization of the discount on the Debentures, net of tax, for the respective periods.

[Table of Contents](#)

The Debentures remain convertible until August 11, 2004, and therefore the 6.1 million shares of common stock that are contingently issuable under the Debentures will be included in Net earnings per share – diluted during that portion of the third quarter of 2004. If the Debentures remain, or become convertible in future periods, or if certain other conditions are met at the end of a reporting period, the 6.1 million shares of common stock will be included in the calculation of Net earnings per share – diluted for the related period.

The Debentures, which are convertible into shares of our common stock at an accreted price of approximately \$43.00 per share (initially \$39.50), become convertible from the thirtieth trading day in a quarter through the twenty-ninth trading day in the following quarter when our share price for at least 20 of the first 30 trading days of a quarter is more than 110% of the accreted value per convertible share on the thirtieth trading day of that quarter. Given the accreted value per convertible share on the thirtieth trading day of the third and fourth quarters of 2004, our share price will have to exceed \$47.50 and \$47.85, respectively, during the relevant measurement periods to be convertible. The Debentures are also convertible in certain other circumstances as set forth in the indenture.

(6) [Accounts Receivable Securitization](#)

In July 2004, we amended our U.S. Receivables Facility to extend to July 2005. All other terms remain unchanged. As of June 30, 2004, there were no borrowings outstanding under this agreement.

(7) [Retirement Plans](#)

The components of the net periodic benefit cost for our plans are as follows:

	Defined Benefit Pension Plans			
	3 Months Ended June 30,		6 Months Ended June 30,	
	2004	2003	2004	2003
Service cost	\$ 2.4	\$ 2.2	\$ 5.0	\$ 4.3
Interest cost	2.5	2.3	5.0	4.5
Expected return on assets	(2.1)	(1.8)	(4.3)	(3.7)
Amortization of unrecognized loss (gain)	.7	.4	1.3	1.0
Total benefit cost	\$ 3.5	\$ 3.1	\$ 7.0	\$ 6.1
	Retiree Health Care Plan			
	3 Months Ended June 30,		6 Months Ended June 30,	
	2004	2003	2004	2003
Service cost	\$.1	\$.1	\$.2	\$.2
Interest cost	.4	.3	.7	.6
Expected return on assets	—	—	—	—
Amortization of unrecognized loss (gain)	(.2)	(.2)	(.3)	(.3)
Total benefit cost	\$.3	\$.2	\$.6	\$.5

[Table of Contents](#)

Contributions made to our U.S. pension plans were \$.8 and \$.9 for the three months and six months ended June 30, 2004, respectively. Contributions made to our retiree health plan were \$.5 for the six months ended June 30, 2004. As previously disclosed in our financial statements for the year ended December 31, 2003, we expect to contribute \$1.8 to our U.S. pension plans and \$1.1 to our retiree health care plan during 2004.

(8) Shareholders' Equity

Comprehensive income (loss) consists of the following:

	3 Months Ended June 30,		6 Months Ended June 30,	
	2004	2003	2004	2003
Net earnings	\$ 53.1	\$29.1	\$ 92.7	\$ 44.0
Other comprehensive income (loss):				
Foreign currency translation (loss) gain	(32.0)	44.9	(24.0)	55.2
Unrealized gain on available-for-sale securities – net of tax	.2	2.0	1.3	2.3
Unrealized gain on derivative financial instruments – net of tax	2.5	4.0	.8	1.2
Comprehensive income	\$ 23.8	\$80.0	\$ 70.8	\$102.7

On April 27, 2004, the Board of Directors declared a cash dividend of \$.10 per share, which was paid on June 14, 2004 to shareholders of record on June 3, 2004.

(9) Interest and Other Expense (Income)

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

	3 Months Ended June 30,		6 Months Ended June 30,	
	2004	2003	2004	2003
Interest expense	\$12.0	\$10.4	\$ 23.1	\$20.4
Interest income	(1.6)	(2.1)	(4.0)	(4.5)
Foreign exchange gain (loss)	.2	(.3)	.3	(1.5)
Miscellaneous expense (income), net	1.7	1.2	(11.1)	3.4
Interest and other (income) expense	\$12.3	\$ 9.2	\$ 8.3	\$17.8

Miscellaneous (income) expense for the six months ended June 30, 2004 includes non-operating gains of \$14.2 (approximately \$.12 per share – diluted), primarily related to the sale of our equity interest in a European internet job board.

[Table of Contents](#)

(10) Segment Data

	3 Months Ended June 30,		6 Months Ended June 30,	
	2004	2003	2004	2003
Revenues from Services:				
United States (a)	\$ 517.3	\$ 483.9	\$ 991.9	\$ 947.4
France	1,278.3	1,172.0	2,414.8	2,126.6
EMEA	1,202.2	951.2	2,343.1	1,837.6
Right (b)	119.9	16.7	221.7	32.0
Other Operations	504.7	389.6	985.0	748.5
Consolidated (a)	\$ 3,622.4	\$3,013.4	\$ 6,956.5	\$5,692.1
Operating Unit Profit:				
United States	\$ 14.1	\$ 10.3	\$ 16.9	\$ 13.0
France	39.4	41.9	68.2	68.8
EMEA	26.2	7.6	39.9	17.4
Right	12.6	(.4)	21.7	(1.0)
Other Operations	20.7	6.9	38.0	9.9
Consolidated	113.0	66.3	184.7	108.1
Corporate expenses	14.4	9.3	27.6	18.1
Amortization of other intangible assets	3.4	—	5.7	—
Interest and other expense (income)	12.3	9.2	8.3	17.8
Earnings before income taxes	\$ 82.9	\$ 47.8	\$ 143.1	\$ 72.2

(a) In the United States, where a majority of our franchises operate, Revenues from services include fees received from the related franchise offices of \$5.8 and \$4.9 for the three months ended June 30, 2004 and 2003, respectively, and \$12.0 and \$10.1 for the six months ended June 30, 2004 and 2003, respectively. These fees are primarily based on revenues generated by the franchise offices, which were \$289.7 and \$248.4 for the three months ended June 30, 2004 and 2003, respectively, and \$552.7 and \$478.0 for the six months ended June 30, 2004 and 2003, respectively.

Our consolidated Revenues from services include fees received from our franchise offices of \$7.9 and \$5.9 for the three months ended June 30, 2004 and 2003, respectively, and \$16.1 and \$11.9 for the six months ended June 30, 2004 and 2003, respectively. These fees are primarily based on revenues generated by the franchise offices, which were \$350.4 and \$294.1 for the three months ended June 30, 2004 and 2003, respectively, and \$671.9 and \$560.8 for the six months ended June 30, 2004 and 2003, respectively.

(b) Represents the operations of Right Management Consultants, since its acquisition in January 2004, and the Empower Group.

Item 2 – Management’s Discussion and Analysis of Financial Condition and Results of Operations

Operating Results - Three Months Ended June 30, 2004 and 2003

Revenues from services increased 20.2% to \$3,622.4 million for the second quarter of 2004 from the same period in 2003. Revenues were favorably impacted by changes in foreign currency exchange rates during the period due to the weakening of the U.S. Dollar relative to the currencies in most of our non-U.S. markets. In constant currency, revenues increased 14.3%. Revenue growth in the second quarter of 2004 was also favorably impacted by acquisitions, primarily Right Management Consultants, Inc. (“RMC”). Revenues increased 16.2% excluding acquisitions or 10.5% on an organic constant currency basis. This growth rate is a result of improving economic conditions and increased demand for our services in many of our markets. (See Financial Measures on pages 25 and 26 for further information on constant currency and organic constant currency.)

Gross profit increased 30.2% to \$679.3 million for the second quarter of 2004. In constant currency, Gross profit increased 24.3%. Gross profit margin was 18.8%, an increase of 150 basis points (1.5%) from the second quarter of 2003. Gross profit growth from acquisitions, primarily from RMC, was \$65.6 million, which favorably impacted gross profit margin by 130 basis points (1.3%). Excluding acquisitions, gross profit margin was 17.5% for the second quarter of 2004, an increase of 20 basis points over the gross profit margin of 17.3% in the year earlier period. This improvement is primarily a result of a change in the mix of services provided, toward those with higher gross profit margins due to the growth at Jefferson Wells. This improvement was partially offset by increased social costs, including increased U.S. workers’ compensation costs and state unemployment taxes.

Selling and administrative expenses increased 25.7% from the second quarter of 2003, to \$584.1 million in the second quarter of 2004. These expenses increased 19.9% in constant currency. This increase is primarily due to the increase in business and the impact of acquisitions, including the intangible asset amortization resulting from the RMC acquisition of \$3.4 million in the second quarter of 2004. Excluding the impact of acquisitions, these expenses increased 13.6%, or 8.3% on an organic constant currency basis. As a percent of revenues, Selling and administrative expenses were 16.1% in the second quarter of 2004 compared to 15.4% in the second quarter of 2003. This ratio is impacted by the acquisition of RMC, because RMC has a different cost structure than our existing business. Excluding acquisitions, Selling and administrative expenses were 15.1% of revenues, which is improved from the second quarter of 2003, due to productivity improvements and effective expense management in conjunction with growing revenues.

Operating profit increased 67.0% for the second quarter of 2004 compared to 2003, with an operating profit margin of 2.6% in 2004 compared to 1.9% in 2003. On a constant currency basis, Operating profit increased 60.0%. Excluding the impact of acquisitions, Operating profit increased 50.8%, or 44.0% on an organic constant currency basis in the second quarter of 2004. Operating profit margin excluding acquisitions improved to 2.5% for the second quarter of 2004 compared to 1.9% in 2003.

Interest and other expenses were \$12.3 million in the second quarter of 2004 compared to \$9.2 million for the same period in 2003. Net interest expense increased \$2.1 million in the quarter to \$10.4 million due to lower interest income. Translation losses in the second quarter of 2004 were \$.2 million compared to a \$.3 million gain in the year earlier period. Miscellaneous expenses, net, which consist of bank fees and other non-operating income and expenses, were \$1.7 million in the second quarter of 2004 compared to \$1.2 million in year earlier period.

Table of Contents

We provided for income taxes during the second quarter of 2004 at a rate of 36.0%, based on our current estimate of the annual effective tax rate, adjusted for the impact of non-operating gains recorded in the first quarter of 2004. This rate is higher than the U.S. Federal statutory rate of 35% due primarily to the impact of higher U.S. state income taxes. For the year ended December 31, 2003 we provided for income taxes at a rate of 38.0%. The estimated effective tax rate for 2004, excluding the non-operating gains in the first quarter, is lower than the 2003 rate due to the tax effects of certain internal corporate restructurings that began in late 2003.

Net earnings per share – diluted increased 51.4% to \$.56 in the second quarter of 2004 compared to \$.37 in the second quarter of 2003. In constant currency, Net earnings per share – diluted increased 45.9%. The higher foreign currency exchange rates positively impacted Net earnings per share – diluted by approximately \$.02 in the second quarter of 2004.

During the second quarter of 2004, our unsecured zero-coupon convertible debentures, due August 17, 2021 (“Debentures”) became convertible because our share price exceeded certain thresholds defined in the agreement. Therefore, the 6.1 million shares of common stock that are contingently issuable under the Debentures are included in our calculation of weighted average shares – diluted for the second quarter of 2004. Net earnings per share – diluted for the second quarter of 2004 was reduced by \$.02 compared to the second quarter of 2003 as a result of including the contingently issuable shares in the calculation. (See note 5 for further information.)

The Debentures remain convertible until August 11, 2004, and therefore the 6.1 million shares of common stock that are contingently issuable under the Debentures will be included in Net earnings per share – diluted during that portion of the third quarter of 2004. If the Debentures remain, or become convertible in future periods, or if certain other conditions are met at the end of a reporting period, the 6.1 million shares of common stock will be included in the calculation of Net earnings per share – diluted for the related period.

Segment Operating Results

United States

In the United States, revenues increased 6.9% in the second quarter of 2004 compared to the second quarter of 2003, which is an increase from the 2.4% year-over-year growth rate experienced in the first quarter of 2004. This increased growth is a result of the improving economic conditions in the United States, which led to an increase in customer demand for our services. Franchise acquisitions had a minimal impact on revenue growth for the quarter. Excluding these acquisitions, revenues increased 6.8% from the second quarter of 2003. Revenues increased 4.7% for the first half of 2004 compared to 2003 (4.6% excluding franchise acquisitions).

Revenues include fees received from our franchise offices of \$5.8 million and \$4.9 million for the three months ended June 30, 2004 and 2003, respectively, and \$12.0 million and \$10.1 million for the six months ended June 30, 2004 and 2003, respectively. These fees are primarily based on revenues generated by the franchise offices, which were \$289.7 million and \$248.4 million for the three months ended June 30, 2004 and 2003, respectively, and \$552.7 million and \$478.0 million for the six months ended June 30, 2004 and 2003, respectively.

The gross profit margin declined during the second quarter of 2004 compared to the second quarter of 2003 as a result of higher workers’ compensation costs, state unemployment taxes and a shift in the business mix toward lower gross profit margin business. This decline is a slight improvement from that experienced in the first quarter of 2004.

[Table of Contents](#)

Selling and administrative expenses declined slightly in the second quarter of 2004 compared to the year earlier period, due to the impact of productivity improvements and cost control efforts implemented over the past few years.

Operating unit profit (“OUP”) margin in the United States improved to 2.7% in the second quarter of 2004 compared to 2.1% in the second quarter of 2003, which reflects the increased leveraging of expenses offset somewhat by the decline in gross profit margin. For the first half of 2004, OUP margin was 1.7% compared to 1.4% in 2003.

France

In France, revenues increased 9.1% (2.9% in Euro) during the second quarter of 2004 compared to 2003. This quarterly growth rate, in Euro, is consistent with that experienced in the first quarter of 2004 due to an extra billing day in the second quarter of 2004 compared to 2003. Revenues in the first half of 2004 are 2.7% above prior year levels.

The gross profit margin declined slightly in the second quarter of 2004 compared to 2003 as a result of increased pricing pressures, which have continued since the first quarter of 2004.

Selling and administrative expenses increased in Euro during the second quarter of 2004 compared to the second quarter 2003. This increase, in Euro, is primarily due to investments made in new offices during 2004.

During the second quarter of 2004 and 2003, OUP margin in France was 3.1% and 3.6%, respectively, and 2.8% and 3.2% for the first half of 2004 and 2003, respectively. This decrease primarily reflects the decline in gross profit margin levels.

EMEA

In EMEA, which represents operations throughout Europe, the Middle East and Africa (excluding France), revenues increased 26.4% in the second quarter of 2004 compared to the second quarter of 2003 (an increase of 17.8% on a constant currency basis, or 16.0% in organic constant currency). On a constant currency basis, year-over-year revenue growth rates have increased from that experienced in the first quarter. Local currency revenue growth was experienced in all major markets, with the highest growth rates reported in Italy, Germany, and Elan.

The gross profit margin for the second quarter of 2004 was stable with the second quarter of 2003, reflecting an improvement from the first quarter of 2004. In the first quarter of 2004, gross profit margin was below prior year levels as a result of pricing pressures and changes in the mix of business (related to both a shift of business mix to geographical operations with lower gross profit margins and a shift of business mix to services with lower gross profit margins).

Selling and administrative expenses continue to be effectively managed despite the need to support the increased revenues and the investments in new office openings in certain markets.

OUP margin for EMEA was 2.2% and .8% for the first quarter of 2004 and 2003, respectively, and 1.7% and .9% for the first half of 2004 and 2003, respectively. The improvement in OUP margin was primarily the result of leveraging our expense base with the increased revenue levels.

[Table of Contents](#)

Right

On January 22, 2004, we completed our exchange offer to acquire RMC, the world's largest career transition and organizational consulting services firm, operating through over 300 offices in 35 countries. The results of RMC's operations are included in our consolidated financial statements since that date. The acquisition of RMC expands the range of services that we offer to customers as a strategic partner throughout every stage of the employment cycle. We have merged our Empower operations into RMC, resulting in a separate reportable segment referred to as Right. (See note 3 to the consolidated financial statements for further information.)

Revenues for the Right segment were \$119.9 million in the second quarter of 2004 and \$221.7 million for the first half of 2004. We have experienced increased activity in the organizational consulting services throughout the first half of 2004. However, demand for Right's career transition services has decreased due to the lower demand for career transition services as a result of improving economic conditions.

Gross profit margin for the second quarter of 2004 is slightly improved from the previous quarter as a result of the second quarter including a full three months of Right's higher margin career transition services compared to the first quarter.

OUP margin for the Right segment was 10.4% in the second quarter of 2004 and 9.8% in the first half of 2004. OUP in the second quarter of 2004 was impacted by approximately \$1.0 million in severance and office closure costs resulting from the merger of our Empower operations into RMC (approximately \$2.5 million for the first half of 2004).

Other Operations

Revenues of Other Operations increased 29.6% (24.9% in constant currency) during the second quarter of 2004 compared to 2003. This growth rate, in constant currency, is an increase from that experienced during the first quarter of 2004. Revenue increases for the second quarter, in constant currency, were experienced in virtually all markets in this segment. Revenue increased 131.2% at Jefferson Wells. Australia, Canada, Japan and Mexico each reported revenue increases of at least 9%. For the first half of 2004, revenues for this segment have increased 31.6% from the year earlier period (23.4% in constant currency).

The gross profit margin increased in the second quarter of 2004 compared to 2003 due primarily to increased business and staff utilization at Jefferson Wells, and a shift in the mix of business toward those services with higher gross profit margins. Gross profit margin has also increased from the first quarter of 2004 due to the increased business at Jefferson Wells.

Selling and administrative expenses increased in the second quarter of 2004 compared to the second quarter of 2003 to support the increasing revenue levels and as a result of investments in new office openings in certain markets.

The OUP margin for Other Operations in the second quarter of 2004 was 4.1% compared to 1.7% for the same period in 2003. This improvement is due to the higher gross profit margins. OUP margin for the first half of 2004 and 2003 was 3.9% and 1.3%, respectively.

Jefferson Wells reported a revenue increase of 131.2% in the second quarter of 2004 due to increased demand for internal audit and control services, including Sarbanes-Oxley compliance services. Demand also increased for finance and accounting, and tax services. Jefferson Wells has been a main contributor to the increased profitability of this segment in the first half of 2004.

[Table of Contents](#)

Operating Results - Six Months Ended June 30, 2004 and 2003

Revenues from services increased 22.2% to \$6,956.5 million for the first half of 2004 from the same period in 2003. Revenues were favorably impacted by changes in foreign currency exchange rates during the period due to the weakening of the U.S. Dollar relative to the currencies in most of our non-U.S. markets. In constant currency, revenues increased 12.9%. Revenue growth in the first six months of 2004 was also favorably impacted by acquisitions, primarily RMC. Revenues increased 18.3% excluding acquisitions or 9.2% on an organic constant currency basis. This growth rate is a result of improving economic conditions and increased demand for our services in many of our markets. (See Financial Measures on pages 25 and 26 for further information on constant currency and organic constant currency.)

Gross profit increased 31.2% to \$1,295.8 million for the first six months of 2004. In constant currency, Gross profit increased 21.7% compared to the first half of 2003. Gross profit margin was 18.6%, an increase of 130 basis points (1.3%) from the first half of 2003. Gross profit growth from acquisitions, primarily from RMC, was \$116.7 million, which favorably impacted gross profit margin by 110 basis points (1.1%). Excluding acquisitions, gross profit margin was 17.5% for the first half of 2004, an increase of 20 basis points over the gross profit margin of 17.3% in the year earlier period. This improvement is primarily a result of a change in the mix of services provided, toward those with higher gross profit margins due to the growth at Jefferson Wells. This improvement is partially offset by increased social costs, including increased U.S. workers' compensation costs and state unemployment taxes.

Selling and administrative expenses increased 27.5% from the first six months of 2003, to \$1,144.4 million in the first six months of 2004. These expenses increased 18.3% in constant currency. This increase is primarily due to the increase in business and the impact of acquisitions, including the intangible asset amortization resulting from the RMC acquisition of \$5.7 million in the first half of 2004. Excluding the impact of acquisitions, these expenses increased 16.6%, or 8.0% on an organic constant currency basis. As a percent of revenues, Selling and administrative expenses were 16.4% in the first half of 2004 compared to 15.8% in the first half of 2003. This ratio is impacted by the acquisition of RMC, because RMC has a different cost structure than our existing business. Excluding acquisitions, Selling and administrative expenses were 15.5% of revenues, which is improved from the first half of 2003 due to productivity improvements and effective expense management in conjunction with growing revenues.

Operating profit increased 68.3% for the first half of 2004 compared to 2003, with an operating profit margin of 2.2% in 2004 compared to 1.6% in 2003. On a constant currency basis, Operating profit increased 55.5%. Excluding the impact of acquisitions, Operating profit increased 47.3%, or 35.2% on an organic constant currency basis in the first six months of 2004. Operating profit margin excluding acquisitions improved to 2.0% for the first half of 2004 compared to 1.6% in 2003.

Interest and other expenses were \$8.3 million the first six months of 2004 compared to \$17.8 million for the same period in 2003. Net interest expense increased \$3.2 million in the first six months of 2004 to \$19.1 million due to the higher borrowing levels earlier in 2004 resulting from our acquisition of RMC, and lower interest income. Translation gains in the first half of 2004 were \$.3 million compared to a loss of \$1.5 million in the year earlier period. Miscellaneous (income) expense, net, which consists of bank fees and other non-operating income and expenses, was income of \$11.1 million in the first half of 2004 compared to expense of \$3.4 million in 2003. The income in 2004 includes non-operating gains of \$14.2 million (approximately \$.12 per share, diluted), primarily related to the sale of our equity interest in a European internet job board. Net proceeds from this transaction were \$29.8 million.

Table of Contents

We provided for income taxes during the first half of 2004 at a rate of 35.2%, based on our current estimate of the annual effective tax rate of 36.0%, adjusted for the tax impact of the non-operating gains recorded in the first quarter. These non-operating gains include the sale of our equity interest in a European internet job board. This rate is higher than the U.S. Federal statutory rate of 35.0% due primarily to the impact of higher U.S. state income taxes. For the year ended December 31, 2003 we provided for income taxes at a rate of 38.0%. The estimated effective tax rate for 2004, excluding the non-operating gains in the first quarter, is lower than the 2003 rate due to the tax effects of certain internal corporate restructurings that began in late 2003.

Net earnings per share – diluted increased 80.4% to \$1.01 in the first six months of 2004 compared to \$.56 in the first six months of 2003. In constant currency, Net earnings per share – diluted increased 67.9%. The higher foreign currency exchange rates positively impacted Net earnings per share – diluted by approximately \$.07 in the first half 2004.

During the second quarter of 2004, our unsecured zero-coupon convertible debentures, due August 17, 2021 (“Debentures”) became convertible because our share price exceeded certain thresholds defined in the agreement. Therefore, the 6.1 million shares of common stock that are contingently issuable under the Debentures are included in our calculation of weighted average shares – diluted for the first half of 2004 since April 1, 2004. Net earnings per share – diluted for the first half of 2004 was reduced by \$.02 compared to the first half of 2003 as a result of including the contingently issuable shares in the calculation. (See note 5 for further information.)

The Debentures remain convertible until August 11, 2004, and therefore the 6.1 million shares of common stock that are contingently issuable under the Debentures will be included in Net earnings per share – diluted during that portion of the third quarter of 2004. If the Debentures remain, or become convertible in future periods, or if certain other conditions are met at the end of a reporting period, the 6.1 million shares of common stock will be included in the calculation of Net earnings per share – diluted for the related period.

Liquidity and Capital Resources

Cash provided by operating activities was \$67.6 million in the first half of 2004 compared to \$17.7 million for the first half of 2003. This increase is primarily due to the increased operating earnings levels and tax benefit recorded from stock option exercises in 2004.

Capital expenditures were \$27.0 million in the first half of 2004 compared to \$23.8 million during the first six months of 2003. These expenditures are primarily comprised of purchases of computer equipment, office furniture and other costs related to office openings and refurbishments.

Net borrowings in the first half of 2004 were \$8.7 million compared to net repayments of \$44.5 million in the year earlier period.

Cash paid for acquisitions of businesses of \$103.6 million includes the payment of acquisition-related costs and the \$123.8 million repayment of RMC’s long-term debt that we were required to make due to change of control provisions contained in the agreements. We financed the acquisition-related costs and this repayment with excess cash and borrowings under our U.S. Receivables Facility, which has been repaid. Cash acquired of approximately \$41.0 million offsets these payments.

Accounts receivable increased to \$2,882.0 million as of June 30, 2004 from \$2,609.4 million as of December 31, 2003. This increase is due to increased business volumes and the acquisition of RMC, offset by changes in foreign currency exchange rates. At December 31, 2003 exchange rates, the June 30, 2004 balance would have been approximately \$62.0 million higher than reported.

[Table of Contents](#)

As of June 30, 2004, we had borrowings of \$122.0 million and letters of credit of \$73.7 million outstanding under our Five-year Facility, and there were no borrowings outstanding under our commercial paper program.

In July 2004, we amended our U.S. Receivables Facility to extend to July 2005. All other terms remain unchanged. As of June 30, 2004, there were no borrowings outstanding under this agreement.

We also maintain separate lines of credit with foreign financial institutions to meet working capital needs of our foreign operations. As of June 30, 2004, such lines totaled \$230.1 million, of which \$216.3 million was unused. In July 2004, we elected not to renew certain of these unused lines of credit with a total availability of \$46.8 million as of June 30, 2004.

Certain of our debt agreements require, among other things, that we comply with a Debt-to-EBITDA ratio of less than 3.25 to 1 and a fixed charge ratio of greater than 2.00 to 1. As defined in the agreements, we had a Debt-to-EBITDA ratio of 2.22 to 1 and a fixed charge ratio of 2.48 to 1 as of June 30, 2004. Based upon current forecasts, we expect to be in compliance with these covenants throughout 2004.

We have aggregate commitments related to debt repayments, operating leases and other commitments of \$1,353.4 million as of June 30, 2004 compared to \$1,335.7 million as of December 31, 2003.

We also have entered into guarantee contracts and stand-by letters of credit that total approximately \$139.7 million and \$135.4 million as of June 30, 2004 and December 31, 2003, respectively (\$66.0 million and \$68.7 million for guarantees, respectively, and \$73.7 million and \$66.7 million for stand-by letters of credit, respectively). Guarantees primarily relate to bank accounts, operating leases, and indebtedness. The stand-by letters of credit relate to workers' compensation, operating leases and indebtedness. If certain conditions were met under these arrangements, we would be required to satisfy our obligation in cash. Due to the nature of these arrangements and our historical experience, we do not expect to make any significant payments under these arrangements. Therefore, they have been excluded from our aggregate commitments identified above.

As previously indicated, we completed our exchange offer to acquire RMC on January 22, 2004. Substantially all of RMC's outstanding shares were tendered and exchanged at a rate of .3874 of a share of our common stock and cash was paid for fractional shares for each RMC share. The remaining outstanding shares were converted into the right to acquire our common stock at the same exchange rate. We have issued 8,852,000 shares of our common stock. We also assumed both of RMC's stock option plans, converting outstanding options to purchase shares of RMC common stock into options to purchase 1,962,000 shares of our common stock.

The preliminary purchase price of \$642.7 million was reflected in the consolidated financial statements as of June 30, 2004 and is subject to revision. The purchase price allocation has not been completed, as we do not yet have a final valuation of the intangible assets acquired.

Based on a preliminary independent valuation, we have identified approximately \$160.0 million of amortizable intangible assets related to RMC's customer list, technology and franchise agreements. These items were preliminarily assigned an estimated weighted-average useful life of 15 years. We have also preliminarily identified approximately \$190.0 million as a non-amortizable intangible asset related to RMC's tradename. Based on this preliminary independent valuation and the estimated fair value of tangible assets acquired, approximately \$330.0 million in goodwill has been recorded as of June 30, 2004 (see note 3 to the consolidated financial statements for further information.)

Table of Contents

Employment-Related Items

On a routine basis, governmental agencies in some of the countries in which we operate will audit our payroll tax calculations and compliance with other payroll-related regulations. These audits focus primarily on documentation requirements and our support for our payroll tax remittances. Due to the nature of our business, the number of people that we employ, and the complexity of some payroll tax regulations, we may have some adjustments to the payroll tax remittances as a result of these audits. We make an estimate of the additional remittances that may be required and record the estimate as a component of Cost of services. The estimate is based on the results of past audits, with consideration for changing business volumes and changes to the payroll tax regulations. To the extent that our actual experience differs from our estimates, we will need to make adjustments to our reserve balance, which will impact the results of the related operation and the operating segment in which it is reported.

In France, we are currently under audit for payroll tax remittances made during 2001 and for remittances made during 2002 and 2003. We have received a preliminary notification related to 2001 and have responded to the notification with additional information. We currently do not expect a significant adjustment to our estimate of additional remittances as a result of this notification.

Income Taxes

We have tax contingencies recorded for items in various countries, including amounts related to items under audit. These amounts are adjusted to the extent the related items are settled. During July 2004, we received notification that income tax audits for certain years have been completed. Based on the results of these audits, we will reverse a tax contingency of approximately \$8.0 million to income in the third quarter of 2004 (approximately \$.08 per share - diluted).

Recently Issued Accounting Standards

During December 2003, the Financial Accounting Standards Board ("FASB") revised SFAS No. 132, "Employers' Disclosures about Pensions and Other Postretirement Benefits," to require additional disclosures about the assets, obligations, cash flows, and net periodic benefit cost of defined benefit pension plans and other defined benefit postretirement plans. We adopted this Statement as of December 31, 2003, which requires interim-period disclosures of the components of net periodic benefit cost and, if significantly different from previously disclosed amounts, the amount of contributions and projected contributions to fund pension plans and other postretirement benefit plans.

During January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities," which clarifies the consolidation and disclosure requirements related to variable interests in a variable interest entity. A variable interest entity is an entity for which control is achieved through means other than voting rights. The consolidation provisions of this Interpretation, as revised, were effective immediately for interests created after January 31, 2003, and were effective on March 31, 2004 for interests created before February 1, 2003. This Interpretation did not have an impact on our consolidated financial statements as we do not have any variable interest entities that require consolidation.

Table of Contents

During May 2004, the FASB issued FASB Staff Position (“FSP”) No. 106-2, “Accounting and Disclosure Requirements Related to the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (“the Act”),” which provides guidance on accounting for the effects of the new Medicare prescription drug legislation. FSP 106-2 is effective for us in the third quarter of 2004. The Act, which was signed into law on December 8, 2003, introduces a prescription drug benefit under Medicare (Medicare Part D) as well as a federal subsidy to sponsors of retiree health care benefit plans that provide a benefit that is at least actuarially equivalent to Medicare Part D. We have not yet determined whether the prescription drug benefits offered under our Retiree Health Care Plan are actuarially equivalent to Medicare Part D, therefore our related net periodic benefit cost does not reflect any amount associated with the subsidy. We do not expect the adoption of this FSP to be material to our consolidated financial statements.

Forward-Looking Statements

Statements made in this quarterly report that are not statements of historical fact are forward-looking statements. In addition, from time to time, we and our representatives may make statements that are forward-looking. All forward-looking statements involve risks and uncertainties. The information under the heading “Forward-Looking Statements” in our annual report on Form 10-K for the year ended December 31, 2003, which information is incorporated herein by reference, provides cautionary statements identifying, for purposes of the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, important factors that could cause our actual results to differ materially from those contained in the forward-looking statements. Forward-looking statements can be identified by words such as “expect”, “anticipate”, “intend”, “plan”, “may”, “will”, “believe”, “seek”, “estimate”, and similar expressions. Some or all of the factors identified in our annual report on Form 10-K may be beyond our control. We caution that any forward-looking statement reflects only our belief at the time the statement is made. We undertake no obligation to update any forward-looking statements to reflect subsequent events or circumstances.

Item 3 – Quantitative and Qualitative Disclosures About Market Risk

Our 2003 Annual Report on Form 10-K contains certain disclosures about market risks affecting us. There have been no material changes to the information provided which would require additional disclosures as of the date of this filing.

Item 4 – Controls and Procedures

We maintain a set of disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports filed by us under the Securities Exchange Act of 1934, as amended (“Exchange Act”) is recorded, processed, summarized and reported within the time periods specified in the SEC’s rules and forms. We carried out an evaluation, under the supervision and with the participation of our management, including our Chairman and Chief Executive Officer and our Executive Vice President and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures pursuant to Rule 13a-15 of the Exchange Act. Based on that evaluation, our Chairman and Chief Executive Officer and our Executive Vice President and Chief Financial Officer concluded that our disclosure controls and procedures are effective as of the end of the period covered by this report.

There have been no changes in our internal control over financial reporting identified in connection with the evaluation discussed above that occurred during our last fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

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

Information required by this item was previously provided in our quarterly report on Form 10-Q for the period ending March 31, 2004.

Item 5 – Other Information

The Audit Committee of our Board of Directors has approved, during the second quarter, the following non-audit services performed or to be performed for us by our independent registered public accounting firm, PricewaterhouseCoopers LLP:

- (a) preparation and/or review of income tax returns; and
- (b) consultation regarding the appropriate handling of items on our United States tax return.

Item 6 – Exhibits and Reports on Form 8-K

- (a) Exhibits
 - 3.1 Amended and Restated By-Laws of Manpower Inc. (as of April 27, 2004).
 - 12.1 Statement Regarding Computation of Ratio of Earnings to Fixed Charges.
 - 31.1 Certification of Jeffrey A. Joerres, Chairman and Chief Executive Officer, pursuant to Section 13a-14(a) of the Securities Exchange Act of 1934.
 - 31.2 Certification of Michael J. Van Handel, Executive Vice President and Chief Financial Officer, pursuant to Section 13a-14(a) of the Securities Exchange Act of 1934.
 - 32.1 Statement of Jeffrey A. Joerres, Chairman and Chief Executive Officer, pursuant to 18 U.S.C. ss. 1350.
 - 32.2 Statement of Michael J. Van Handel, Executive Vice President and Chief Financial Officer, pursuant to 18 U.S.C. ss. 1350.
- (b) During the quarter ended June 30, 2004, we furnished one current report on Form 8-K dated April 19, 2004, with respect to Item 12 – Results of Operations and Financial Condition.

FINANCIAL MEASURES

Constant Currency

Changes in our revenues and operating profits include the impact of changes in foreign currency exchange rates and acquisitions. We provide “constant currency” and “organic constant currency” calculations in this Quarterly Report to remove the impact of these items. We typically express year-over-year variances that are calculated in constant currency and organic constant currency as a percentage.

When we use the term “constant currency,” it means that we have translated financial data for a period into U.S. Dollars using the same foreign currency exchange rates that we used to translate financial data for the previous period. We believe that this calculation is a useful measure, indicating the actual growth of our operations. Earnings from our subsidiaries are not generally repatriated to the United States, and we typically do not incur significant gains or losses on foreign currency transactions with our subsidiaries. Therefore, changes in foreign currency exchange rates primarily impact only reported earnings and not our actual cash flow or economic condition.

When we use the term “organic constant currency,” it means that we have further removed the impact of acquisitions in the current period from our constant currency calculation. We believe that this calculation is useful because it allows us to report the actual growth of our pre-existing business.

Constant currency and organic constant currency percent variances, along with a reconciliation of these amounts to certain of our reported results, are provided below.

	3 Months Ended June 30, 2004				
	Reported Variance	Impact of Currency	Variance in Constant Currency	Impact of Acquisitions (in Constant Currency)	Organic Constant Currency Variance
	(Unaudited)				
Revenues from services:					
United States	6.9%	— %	6.9%	.1 %	6.8%
France	9.1	6.2	2.9		
EMEA	26.4	8.6	17.8	1.8	16.0
Right (a)	—	—	—		
Other Operations	29.6	4.7	24.9		
Manpower Inc.	20.2	5.9	14.3	3.8	10.5
Gross profit	30.2	5.9	24.3	12.1	12.2
Selling and administrative expenses	25.7	5.8	19.9	11.6	8.3
Operating profit	67.0	7.0	60.0	16.0	44.0
Net earnings per share – diluted	51.4	5.5	45.9		

6 Months Ended June 30, 2004

	<u>Reported Variance</u>	<u>Impact of Currency</u>	<u>Variance in Constant Currency</u>	<u>Impact of Acquisitions (in Constant Currency)</u>	<u>Organic Constant Currency Variance</u>
			(Unaudited)		
Revenues from services:					
United States	4.7%	— %	4.7%	.1%	4.6%
France	13.5	10.8	2.7		
EMEA	27.5	12.3	15.2	1.9	13.3
Right (a)	—	—	—		
Other Operations	31.6	8.2	23.4		
Manpower Inc.	22.2	9.3	12.9	3.7	9.2
Gross profit	31.2	9.5	21.7	11.2	10.5
Selling and administrative expenses	27.5	9.2	18.3	10.3	8.0
Operating profit	68.3	12.8	55.5	20.3	35.2
Net earnings per share – diluted	80.4	12.5	67.9		

(a) Represents the operations of Right Management Consultants, Inc. (“RMC”), since its acquisition in January 2004, and the Empower Group. Since RMC comprises most of this segment, the year-over-year variances are not meaningful and have been excluded from the above information.

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)

/s/ Michael J. Van Handel

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

Date: August 4, 2004

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Description</u>
3.1	Amended and Restated By-Laws of Manpower Inc. (as of April 27, 2004).
12.1	Statement Regarding Computation of Ratio of Earnings to Fixed Charges.
31.1	Certification of Jeffrey A. Joerres, Chairman and Chief Executive Officer, pursuant to Section 13a-14(a) of the Securities Exchange Act of 1934.
31.2	Certification of Michael J. Van Handel, Executive Vice President and Chief Financial Officer, pursuant to Section 13a-14(a) of the Securities Exchange Act of 1934.
32.1	Statement of Jeffrey A. Joerres, Chairman and Chief Executive Officer, pursuant to 18 U.S.C. ss. 1350.
32.2	Statement of Michael J. Van Handel, Executive Vice President and Chief Financial Officer, pursuant to 18 U.S.C. ss. 1350.

AMENDED AND RESTATED BY-LAWS

OF

MANPOWER INC.
(as of April 27, 2004)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 mail or other method of delivery, by telephone, including voice mail, answering machine or answering service or by any other electronic means and, if these forms of personal notice 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, which includes notice by electronic transmission, shall be effective when mailed postpaid and addressed to the shareholder's address shown in the Corporation's current record of shareholders, or when electronically transmitted to the shareholder in a manner authorized by the shareholder. 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 anniversary of the annual meeting of shareholders held in the prior year. 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 anniversary of the annual meeting of shareholders held in the prior year, 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; provided that for the purpose of determining shareholders of any voting group entitled to notice of or to vote at the annual meeting of shareholders or any adjournment thereof, the record date shall be 70 days prior to the date of the annual meeting of shareholders, unless otherwise determined by the Board of Directors. 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 given 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 names 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 or her 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 authorize another person to act for the shareholder by appointing the person as proxy. A shareholder or the

shareholder's authorized officer, director, employee, agent or attorney-in-fact may use any of the following means to appoint a proxy:

(a) In writing by signing or causing the shareholder's signature to be affixed to an appointment form by any reasonable means, including, but not limited to, by facsimile signature;

(b) By transmitting or authorizing the transmission of an electronic transmission of the appointment to the person who will be appointed as proxy or to a proxy solicitation firm, proxy support service organization or like agent authorized to receive the transmission by the person who will be appointed as proxy; or

(c) By any other means permitted by the Wisconsin business corporation law.

An appointment of a proxy shall be effective when a signed appointment form or an electronic transmission of the appointment is received by the inspector of election or the officer or agent authorized to tabulate votes. No appointment shall be valid after eleven months, unless otherwise provided in the appointment.

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 the 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 co-owners and the persons signing appears to be acting on behalf of all co-owners.

(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 mail or other method of delivery, by telephone, including voice mail, answering machine or answering service or by any other electronic means. Written notice, which includes notice by electronic transmission, 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; (3) two days after it is deposited with a

private carrier; or (4) when electronically transmitted. 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.

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 person 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 or her 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.

**STATEMENT REGARDING COMPUTATION
OF RATIO OF EARNINGS TO FIXED CHARGES**

MANPOWER INC.
(in millions)

	6 Months Ended June 30, 2004
Earnings:	
Earnings before income taxes	\$ 143.1
Fixed charges	76.3
	\$ 219.4
Fixed charges:	
Interest (expensed or capitalized)	\$ 23.1
Estimated interest portion of rent expense	53.2
	\$ 76.3
Ratio of earnings to fixed charges	2.9

	Years Ended December 31,				
	2003	2002	2001	2000	1999
Earnings:					
Earnings before income taxes	\$222.1	\$188.0	\$197.9	\$265.2	\$205.8
Fixed charges	125.0	116.5	107.4	94.0	71.6
	\$347.1	\$304.5	\$305.3	\$359.2	\$277.4
Fixed charges:					
Interest (expensed or capitalized)	\$ 41.4	\$ 42.4	\$ 39.1	\$ 35.0	\$ 17.3
Estimated interest portion of rent expense	83.6	74.1	68.3	59.0	54.3
	\$125.0	\$116.5	\$107.4	\$ 94.0	\$ 71.6
Ratio of earnings to fixed charges	2.8	2.6	2.8	3.8	3.9

Note: The calculation of ratio of earnings to fixed charges set forth above is in accordance with Regulation S-K, Item 601(b)(12). This calculation is different than the fixed charge ratio that is required by our various borrowing facilities.

CERTIFICATION

I, Jeffrey A. Joerres, Chairman and Chief Executive Officer of Manpower Inc., certify that:

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

Dated: August 4, 2004

/s/ Jeffrey A. Joerres

Jeffrey A. Joerres
Chairman, Chief Executive Officer

CERTIFICATION

I, Michael J. Van Handel, Executive Vice President and Chief Financial Officer of Manpower Inc., certify that:

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

Dated: August 4, 2004

/s/ Michael J. Van Handel

Michael J. Van Handel
Executive Vice President,
Chief Financial Officer

STATEMENT

Pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. ss. 1350, the undersigned officer of Manpower Inc. (the "Company"), hereby certifies that to his knowledge:

- (1) the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and
- (2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

MANPOWER INC.

Dated: August 4, 2004

/s/ Jeffrey A. Joerres

Jeffrey A. Joerres
Chairman, Chief Executive Officer

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of the Securities Exchange Act of 1934.

STATEMENT

Pursuant to ss. 906 of the Sarbanes-Oxley Act of 2002, 18 U.S.C. ss. 1350, the undersigned officer of Manpower Inc. (the "Company"), hereby certifies that to his knowledge:

- (1) the Company's Quarterly Report on Form 10-Q for the quarter ended June 30, 2004 fully complies with the requirements of Section 13(a) or 15(d), as applicable, of the Securities Exchange Act of 1934, and
- (2) the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

MANPOWER INC.

Dated: August 4, 2004

/s/ Michael J. Van Handel

Michael J. Van Handel
Executive Vice President,
Chief Financial Officer

This certification accompanies this Quarterly Report on Form 10-Q pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of the Securities Exchange Act of 1934.