

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:

March 31, 1997

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

Class	Shares Outstanding at March 31, 1997
Common Stock, \$.01 par value	81,790,895

MANPOWER INC. AND SUBSIDIARIES

INDEX

Page Number

PART I - FINANCIAL INFORMATION

Item 1	- Financial Statements (unaudited)	
	- Consolidated Balance Sheets	3 - 4
	- Consolidated Statements of Operations	5
	- Supplemental Systemwide Information	5
	- Consolidated Statements of Cash Flows	6
	- Notes to Consolidated Financial Statements	7

Item 2	- Management's Discussion and Analysis of Financial Condition and Results of Operations	8 - 9
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PART II - OTHER INFORMATION AND SIGNATURES

Item 5 - Other Information	10
Item 6 - Exhibits and Reports on Form 8-K	10
Signatures	11

PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

MANPOWER INC. AND SUBSIDIARIES

Consolidated Balance Sheets (Unaudited)
(in thousands)

ASSETS

	March 31, 1997	Dec. 31, 1996
CURRENT ASSETS:		
Cash and cash equivalents	\$ 180,274	\$ 180,553
Accounts receivable, less allowance for doubtful accounts of \$34,643 and \$33,526, respectively	1,141,339	1,167,468
Prepaid expenses and other assets	47,236	42,913
Future income tax benefits	48,495	48,151
Total current assets	1,417,344	1,439,085
OTHER ASSETS:		
Investments in licensees	30,414	29,409
Other assets	168,070	162,390
Total other assets	198,484	191,799
PROPERTY AND EQUIPMENT:		
Land, buildings, leasehold improvements and equipment </td <td style="text-align: right;">297,731</td> <td style="text-align: right;">302,547</td>	297,731	302,547
Less: accumulated depreciation and amortization	180,903	181,168
Net property and equipment	116,828	121,379
Total assets	\$1,732,656	\$1,752,263

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

MANPOWER INC. AND SUBSIDIARIES

Consolidated Balance Sheets (Unaudited)
(in thousands, except share data)

LIABILITIES AND STOCKHOLDERS' EQUITY

	March 31, 1997	Dec. 31, 1996
CURRENT LIABILITIES:		
Payable to banks	\$ 17,775	\$ 24,375
Accounts payable	239,348	235,466
Employee compensation payable	57,010	60,222
Accrued liabilities	90,552	87,444
Accrued payroll taxes and insurance	183,919	195,194
Value added taxes payable	165,127	174,624
Income taxes payable	31,180	30,945
Current maturities of long-term debt	2,347	2,986
Total current liabilities	787,258	811,256
OTHER LIABILITIES:		
Long-term debt	124,170	100,848
Other long-term liabilities	239,460	239,453
Total other liabilities	363,630	340,301
STOCKHOLDERS' EQUITY:		
Preferred stock, \$.01 par value, authorized 25,000,000 shares, none issued	--	--
Common stock, \$.01 par value, authorized 125,000,000 shares, issued 82,558,195 and 82,206,446 shares, respectively	826	822
Capital in excess of par value	1,587,053	1,579,868
Accumulated deficit	(971,631)	(998,230)
Cumulative translation adjustments	(10,086)	21,476
Treasury stock at cost, 767,300 and 101,700 shares, respectively	(24,394)	(3,230)
Total stockholders' equity	581,768	600,706
Total liabilities and stockholders' equity	\$ 1,732,656	\$ 1,752,263

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 thousands, except per share data)

	3 Months Ended	
	March 31,	
	1997	1996
Revenues from services	\$1,521,002	\$ 1,309,167
Cost of services	1,244,347	1,064,528
Gross profit	276,655	244,639
Selling and administrative expenses	236,301	209,161
Operating profit	40,354	35,478
Interest and other (income) expenses, net	666	(211)
Earnings before income taxes	39,688	35,689
Provision for income taxes	13,089	12,494
Net earnings	\$ 26,599	\$ 23,195
Net earnings per share	\$.32	\$.28
Weighted average common shares	83,119	82,778

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

MANPOWER INC. AND SUBSIDIARIES

Supplemental Systemwide Information (Unaudited)
(in thousands)

	3 Months Ended	
	March 31,	
	1997	1996
Systemwide Sales	\$1,850,584	\$1,627,101

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

MANPOWER INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows (Unaudited)
(in thousands)

	Months Ended March 31,	
	1997	1996
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	\$ 26,599	\$ 23,195
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation	8,840	7,612
Amortization of intangible assets	1,032	636
Deferred income taxes	(344)	5,200
Provision for doubtful accounts	2,844	2,839
Changes in operating assets and liabilities:		
Accounts receivable	(35,986)	66,584
Other assets	(20,638)	(11,604)
Other liabilities	29,745	(47,483)
Cash provided by operating activities	12,092	46,979
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(9,408)	(9,197)
Proceeds from the sale of property and equipment	690	347
Cash used in investing activities	(8,718)	(8,850)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in payable to banks	(4,862)	(20,450)
Proceeds from long-term debt	23,664	2,361
Repayment of long-term debt	(312)	(3,517)
Repurchase of common stock	(21,164)	--
Cash used in financing activities	(2,674)	(21,606)
Effect of exchange rate changes on cash	(979)	(2,989)
Net change in cash and cash equivalents	(279)	13,534
Cash and cash equivalents, beginning of period	180,553	142,773
Cash and cash equivalents, end of period	\$ 180,274	\$ 156,307
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	\$ 1,741	\$ 3,972
Income taxes paid	\$ 14,785	\$ 5,773

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 Three Months Ended March 31, 1997 and 1996

(1)Basis of Presentation

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although the Company believes that the disclosures are adequate to make the information presented not misleading. These consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company's latest annual report on Form 10-K for the year ended December 31, 1996.

(2)Accounting Policies

In February of 1997, the Financial Accounting Standards Board issued SFAS No. 128, "Earnings per Share." This Statement revises the computation and presentation of earnings per share and will be adopted by the Company in the fourth quarter of 1997. The Company does not expect this Statement to have a significant impact on reported earnings per share. Had the Company adopted this Statement for the three months ended March 31, 1997 and 1996, both basic and diluted earnings per share would have been equal to thosees currently reported on the Statements of Operations.

The information furnished reflects all adjustments which, 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.

(4)Income Taxes

The provision for income taxes has been computed using the estimated annual effective tax rate, based on currently available information.

(5)Subsequent Events

On April 28, 1997, the Company's Board of Directors declared a cash dividend of \$.08 per share payable June 16, 1997 to shareholders of record on May 28, 1997.

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

Operating Results - Three Months Ended March 31, 1997 and 1996

First quarter 1997 revenues increased 16.2% to \$1,521.0 million. Revenues were unfavorably impacted 5.1% in the first quarter by currency exchange rates. Volume, as measured by billable hours of branch operations, increased 22.1% in the quarter. All of the Company's major markets experienced revenue increases, including the United States (12.2%), France (25.5% in French Francs) and the United Kingdom (9.2% in Pound Sterling).

Cost of services, which consists of payroll and related expenses of temporary workers, increased as a percentage of revenues to 81.8% in the first quarter of 1997 from 81.3% in the first quarter of 1996. During 1996, government employment incentive programs in certain of the Company's European markets reduced payroll taxes, resulting in the lower cost of services. Without the impact of these programs, cost of services as a percentage of revenues in 1996 is comparable to the 1997 amount.

Selling and administrative expenses increased 13.0%, but decreased as a percentage of revenue to 15.5% in 1997 from 16.0% in 1996. This decrease reflects the improved leveraging of overhead costs with volume growth, primarily in France.

Net interest and other was \$666,000 of expense in the first quarter of 1997 compared to income of \$211,000 in the first quarter of 1996. This change is primarily due to the changes in net interest and translation losses. Net interest was income of \$144,000 in the first quarter of 1997 compared to income of \$622,000 in the first quarter of 1996. This change in net interest income is primarily the result of an increase in interest expense caused by higher worldwide borrowing levels. The Company had a translation loss of \$504,000 during the first quarter of 1997 due to the fluctuation in foreign currency exchange rates, compared to a loss of \$161,000 in the first quarter of 1996.

The Company provided income taxes at an estimated rate of 33.0% which is equal to the expected annual effective rate for 1997. The Company's effective income tax rate for 1996 was 33.0%.

Liquidity and Capital Resources

Cash provided by operating activities was \$12.1 million in the first quarter of 1997 compared to \$47.0 million in the first quarter of 1996. This change reflects the increase in working capital requirements in the first quarter of 1997 compared to a decrease in the first quarter of 1996. Cash provided by operating activities before the change in working capital requirements was \$39.0 million in the first quarter of 1997 compared to \$39.5 million in 1996.

Capital expenditures increased to \$9.4 million in the first quarter of 1997 from \$9.2 million in the first quarter of 1996. These expenditures primarily consist of computer equipment and office furniture used in the Company's worldwide branch office network.

Net cash from additional borrowings was \$18.5 million in the first quarter of 1997 compared to net cash used to retire borrowings of \$21.6 million in the first quarter of 1996. The Company repurchased 665,600 shares of stock during the first quarter of 1997, at a cost of \$21.2 million. These shares were purchased under the 1996 Board of Directors' authorization.

Accounts receivable decreased to \$1,141.3 million at March 31, 1997 from \$1,167.5 million at December 31, 1996. This change is due to the impact of foreign exchange rates during the quarter, which reduced receivables by \$59.2 million, offset by the increased sales level in all of the Company's major markets.

As of March 31, 1997, the Company had borrowings of \$61.4 million outstanding under its \$275 million U.S. revolving credit facility, and borrowings of \$58.9 million outstanding under its U.S. commercial paper program. The commercial paper borrowings have been classified as long-term debt due to the availability to refinance them on a long-term basis under the revolving credit facility.

In addition, the Company and some of its foreign subsidiaries maintain separate lines of credit with foreign financial institutions to meet short-term working capital needs. As of 31, 1997, such lines totaled \$154.7 million, of which \$136.9 million was unused.

On April 28, 1997, the Company's Board of Directors declared a cash dividend of \$.08 per share which will be paid on June 16, 1997 to shareholders of record on May 28, 1997.

PART II - OTHER INFORMATION

Item 5 - Other Information

None

Item 6 - Exhibits and Reports on Form 8-K

(a) Exhibits

27 Financial Data Schedule

(b) Reports on Form 8-K - None

SIGNATURES

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

MANPOWER INC.

(Registrant)

Date: May 13, 1997

/s/ Michael J. Van Handel

Michael J. Van Handel

Vice President

Chief Accounting Officer & Treasurer

(Signing on behalf of the Registrant and as
Principal Accounting Officer)

THIS SCHEDULE CONTAINS

SUMMARY FINANCIAL INFORMATION
 EXTRACTED FROM THE FINANCIAL
 STATEMENTS OF THE REGISTRANT
 FOR THE THREE MONTHS ENDED
 MARCH 31, 1997 AND IS
 QUALIFIED IN ITS ENTIRETY BY
 REFERENCE TO SUCH FINANCIAL
 STATEMENTS.

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 DEC-31-1997

MAR-31-1997

180,274

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1,141,339

34,643

0

1,417,344

297,731

180,903

1,732,656

787,258

124,170

0

0

826

580,942

1,732,656

0

1,521,002

0

1,244,347

0

2,844

1,926

39,688

13,089

26,599

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0

0

26,599

0.32

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