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: September 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	**39-1672779**
(State or other jurisdiction of incorporation)	**(IRS Employer Identification No.)**
5301 N. Ironwood Road Milwaukee, Wisconsin	**53217**
(Address of principal executive offices)	**(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.

Class	**Shares Outstanding at October 29, 2004**
Common Stock, $.01 par value	**90,207,878**

MANPOWER INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Item1 – Financial Statements

MANPOWER INC. AND SUBSIDIARIES

Consolidated Balance Sheets (Unaudited)
(in millions)

ASSETS

	September 30, 2004	December 31, 2003
CURRENT ASSETS:		
Cash and cash equivalents	$ 414.8	$ 426.2
Accounts receivable, less allowance for doubtful accounts of $87.4 and $79.1, respectively	3,071.0	2,609.4
Prepaid expenses and other assets	198.2	100.1
Future income tax benefits	114.0	101.4
Total current assets	3,798.0	3,237.1
OTHER ASSETS:		
Goodwill and other intangible assets, less accumulated amortization of $61.9 and $53.6, respectively	1,245.7	573.8
Investments in licensees	65.2	66.2
Other assets	216.1	320.7
Total other assets	1,527.0	960.7
PROPERTY AND EQUIPMENT:		
Land, buildings, leasehold improvements and equipment	649.5	606.3
Less: accumulated depreciation and amortization	442.3	419.2
Net property and equipment	207.2	187.1
Total assets	$ 5,532.2	$ 4,384.9

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

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MANPOWER INC. AND SUBSIDIARIES

Consolidated Balance Sheets (Unaudited)
(in millions, except share and per share data)

LIABILITIES AND SHAREHOLDERS' EQUITY

	September 30, 2004	December 31, 2003
CURRENT LIABILITIES:		
Accounts payable	$ 665.2	$ 555.4
Employee compensation payable	144.7	105.6
Accrued liabilities	537.6	360.0
Accrued payroll taxes and insurance	495.1	476.6
Value added taxes payable	434.0	368.2
Short-term borrowings and current maturities of long-term debt	208.2	12.1
Total current liabilities	2,484.8	1,877.9
OTHER LIABILITIES:		
Long-term debt	640.7	829.6
Other long-term liabilities	370.6	367.1
Total other liabilities	1,011.3	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 100,109,173 and 88,604,575 shares, respectively	1.0	.9
Capital in excess of par value	2,296.1	1,732.5
Accumulated deficit	(.6)	(167.6)
Accumulated other comprehensive income	23.4	28.3
Treasury stock at cost, 9,946,475 and 9,945,200 shares, respectively	(283.8)	(283.8)
Total shareholders' equity	2,036.1	1,310.3
Total liabilities and shareholders' equity	$ 5,532.2	$ 4,384.9

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

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MANPOWER INC. AND SUBSIDIARIES

Consolidated Statements of Operations (Unaudited)
(in millions, except per share data)

	3 Months Ended September 30,		9 Months Ended September 30,	
	2004	2003	2004	2003
Revenues from services	$3,900.8	$3,203.2	$10,857.3	$8,895.3
Cost of services	3,172.7	2,653.6	8,833.4	7,358.2
Gross profit	728.1	549.6	2,023.9	1,537.1
Selling and administrative expenses	601.2	470.8	1,745.6	1,368.3
Operating profit	126.9	78.8	278.3	168.8
Interest and other expenses	9.1	9.4	17.4	27.2
Earnings before income taxes	117.8	69.4	260.9	141.6
Provision for income taxes	34.4	25.6	84.8	53.8
Net earnings	$ 83.4	$ 43.8	$ 176.1	$ 87.8
Net earnings per share	$ .93	$ .56	$ 1.99	$ 1.13
Net earnings per share – diluted	$ .89	$ .56	$ 1.91	$ 1.12
Weighted average common shares	90.0	77.7	88.5	77.5
Weighted average common shares – diluted	93.9	78.8	93.3	78.4

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

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MANPOWER INC. AND SUBSIDIARIES

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

	9 Months Ended September 30,	
	2004	**2003**
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings	$ 176.1	$ 87.8
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	62.6	46.5
Amortization of discount on convertible debentures	5.8	5.6
Deferred income taxes	(11.6)	1.8
Provision for doubtful accounts	20.1	14.4
Other non-operating gains	(14.2)	—
Changes in operating assets and liabilities, excluding the impact of acquisitions:		
Accounts receivable	(409.7)	(186.4)
Other assets	14.6	(23.4)
Other liabilities	218.4	149.4
Cash provided by operating activities	62.1	95.7
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(42.7)	(38.9)
Acquisitions of businesses, net of cash acquired	(113.8)	(3.6)
Proceeds from the sale of an equity interest	29.8	—
Proceeds from the sale of property and equipment	4.8	2.2
Cash used by investing activities	(121.9)	(40.3)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net change in short-term borrowings	3.3	(9.4)
Proceeds from long-term debt	93.7	30.4
Repayments of long-term debt	(91.7)	(101.7)
Proceeds from stock option and purchase plans	55.4	18.7
Dividends paid	(9.1)	(7.8)
Cash provided (used) by financing activities	51.6	(69.8)
Effect of exchange rate changes on cash	(3.2)	17.9
Net (decrease) increase in cash and cash equivalents	(11.4)	3.5
Cash and cash equivalents, beginning of year	426.2	284.0
Cash and cash equivalents, end of period	$ 414.8	$ 287.5
SUPPLEMENTAL CASH FLOW INFORMATION:		
Interest paid	$ 35.3	$ 29.8
Income taxes paid	$ 66.2	$ 51.9

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 Nine Months Ended September 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 in various countries. 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 received a preliminary notification related to 2001 and 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.

Intangible Assets

In connection with Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets,” we are required to perform goodwill impairment reviews, at least annually, using a fair-value based approach. The majority of our goodwill results from our acquisitions of Right Management Consultants, Inc., Elan and Jefferson Wells.

As part of our impairment reviews, we estimate fair value primarily by using a discounted cash flow analysis. Significant assumptions used in this analysis include: expected future revenue growth rates, OUP margins, and working capital levels; a discount rate; and a terminal value multiple.

We have completed our annual impairment review for 2004 and determined there to be no impairment of goodwill. We plan to perform our next annual impairment review during the third quarter of 2005. However, we may be required to perform an impairment review prior to our scheduled annual review if certain events occur, including lower than forecasted earnings levels for certain reporting units. In addition, changes to other assumptions could significantly impact our estimate of the fair value of our reporting units. Such a change may result in a goodwill impairment charge, which could have a significant impact on a reportable segment and our consolidated financial statements.

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 September 30,		9 Months Ended September 30,	
	2004	2003	2004	2003
Net earnings, as reported	$ 83.4	$ 43.8	$176.1	$87.8
Less: Total stock-based employee compensation expense determined under the fair value method for all awards, net of related tax effects	2.7	1.7	7.4	5.0
Pro forma net earnings	80.7	42.1	168.7	82.8
Add: Amortization of discount on convertible debentures, net of taxes	.5	—	1.7	—
Pro forma net earnings – diluted	$ 81.2	$ 42.1	$170.4	$82.8
Net earnings per share:				
As reported	$ .93	$ .56	$ 1.99	$1.13
Pro forma	$ .90	$ .55	$ 1.92	$1.08
Net earnings per share – diluted:				
As reported	$ .89	$ .56	$ 1.91	$1.12
Pro forma	$ .87	$ .54	$ 1.84	$1.06

During the third quarter of 2004 and 2003, we recognized $.4 and $.1 of expense, net of tax, respectively, related to restricted stock grants and for the first nine months of 2004 and 2003, we recognized $.7 and $.3, 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.

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. 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 adopted FSP 106-2 in the third quarter of 2004 and it did not have a material impact on our consolidated financial statements.

During September 2004, the Emerging Issues Task Force (“EITF”) issued Issue No. 04-8, “The Effect of Contingently Convertible Debt on Diluted Earnings Per Share,” (“EITF 04-8”) which requires the effect of contingently convertible debt securities with a market price trigger to be included in the calculation of diluted earnings per share, using the “if-converted” method, regardless of whether the market price trigger has been met. EITF 04-8 also requires that previously reported diluted earnings per share be restated. We will adopt EITF 04-8 in the fourth quarter of 2004. (See note 5 for the impact of the adoption of EITF 04-8.)

(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, and the results of the combined entity are reported as the Right segment.

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 September 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	59.5
Long-term debt repaid upon change of control	123.8
Severance and additional SERP liabilities, net of deferred tax assets	7.5
Acquisition-related costs	17.5
Preliminary purchase price	$636.7

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.

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 acquisition-related costs consist primarily of investment banking, legal and accounting fees, printing costs and other external costs directly related to the acquisition.

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 $315.0 in goodwill has been recorded as of September 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 nine months ended September 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 September 30,		9 Months Ended September 30,	
	2004	2003	2004	2003
Revenue from services	$3,900.8	$3,305.5	$10,881.4	$9,239.4
Net earnings	83.4	51.2	176.8	116.8
Net earnings per share	$ .93	$ .58	$ 1.98	$ 1.34
Net earnings per share – diluted	.89	.57	1.90	1.31

In connection with a European acquisition completed during the first quarter of 2004, we established a reserve of $16.7 for severance 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 $13.2 paid from this reserve.

(4) Income Taxes

We provided for income taxes during the first nine months of 2004 at a rate of 36.0%, based on our current estimate of the annual effective tax rate, adjusted for the reversal of a tax contingency in the third quarter of 2004 and the impact of non-operating gains recorded in the first quarter of 2004. 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% 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 reversal of the tax contingency in the third quarter and 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 reversed a tax contingency of $8.0 million to income in the third quarter of 2004 ($.08 per share on a diluted basis).

(5) Earnings Per Share

The calculations of Net earnings per share and Net earnings per share – diluted are as follows:

	3 Months Ended September 30,		9 Months Ended September 30,	
	2004	2003	2004	2003
Net earnings per share:				
Net earnings available to common shareholders	$ 83.4	$ 43.8	$176.1	$87.8
Weighted average common shares outstanding	90.0	77.7	88.5	77.5
	$ .93	$ .56	$ 1.99	$1.13
Net earnings per share – diluted:				
Net earnings available to common shareholders	$ 83.4	$ 43.8	$176.1	$87.8
Amortization of discount on convertible debentures, net of taxes	.5	—	1.7	—
	$ 83.9	$ 43.8	$177.8	$87.8
Weighted average common shares outstanding	90.0	77.7	88.5	77.5
Effect of dilutive stock options	1.1	1.1	1.9	.9
Effect of convertible debentures	2.8	—	2.9	—
	93.9	78.8	93.3	78.4
	$ .89	$ .56	$ 1.91	$1.12

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 .4 million and .1 million of such options excluded from the calculation for the three months ended September 30, 2004 and 2003, respectively. There were .2 million and .5 million of such options excluded from the calculation for the nine months ended September 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 indenture (see below for further information). Based on the terms of the indenture, the Debentures remained convertible until August 11, 2004. 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, for the entire second quarter and for the portion of the third quarter (i.e., July 1, 2004 through August 11,2004) when they were convertible. Under the "if-converted" method, net earnings available to common shareholders is adjusted for the amortization of the discount on the Debentures, net of tax, for the respective periods.

The Debentures, which are convertible into shares of our common stock at an accreted price of approximately $43.50 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 fourth quarter of 2004, our share price will have to exceed $47.85 during the relevant measurement period in order for the Debentures to be convertible.

During September 2004, the EITF issued Issue No. 04-8, "The Effect of Contingently Convertible Debt on Diluted Earnings Per Share," which requires the effect of contingently convertible debt securities with a market price trigger to be included in the calculation of diluted earnings per share, using the "if-converted" method, regardless of whether the market price trigger has been met. Upon adoption, our restated Net earnings per share–diluted amounts will be $.87 and $.53 for the three months ended September 30, 2004 and 2003, respectively, and $1.86 and $1.09 for the nine months ended September 30, 2004 and 2003, respectively.

(6) Accounts Receivable Securitization

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

(7) Debt

In October 2004, we entered into a new $625.0 revolving credit agreement with a syndicate of commercial banks that expires in October 2009. The new agreement replaces our $450.0 five-year revolving credit facility and $200.0 364-day revolving credit facility. Amounts borrowed under the $450.0 five-year facility have been transferred to this new facility.

The new revolving credit agreement allows for borrowings in various currencies and up to $150.0 may be used for the issuance of standby letters of credit.

The interest rate and facility fee on the new agreement, as well as the fee paid for the issuance of letters of credit on the facility, vary based on our public debt ratings and borrowing level. The current interest rate is LIBOR plus .675% and the facility and issuance fees are .20% and .675%, respectively.

The new agreement requires, 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.

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We continue to have various interest rate swap agreements to fix our interest costs on a portion of our Euro-denominated variable rate borrowings. The Euro interest rate swap agreements have a notional value of €100.0 ($124.4) which fix the interest rate, on a weighted-average basis, at 5.7% and expire in 2010. Such contracts have been designated as cash flow hedges and were considered highly effective, as defined by Statement of Financial Accounting Standard No. 133, as amended, as of September 30, 2004. Considering the borrowings under our new revolving credit agreement, we expect that the interest rate swap agreements will continue to be highly effective.

(8) Retirement Plans

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

	Defined Benefit Pension Plans			
	3 Months Ended September 30,		9 Months Ended September 30,	
	2004	2003	2004	2003
Service cost	$ 2.5	$ 2.1	$ 7.5	$ 6.4
Interest cost	2.4	2.2	7.4	6.7
Expected return on assets	(2.1)	(1.9)	(6.4)	(5.6)
Amortization of unrecognized loss	.6	.7	1.9	1.7
Total benefit cost	$ 3.4	$ 3.1	$ 10.4	$ 9.2

	Retiree Health Care Plan			
	3 Months Ended September 30,		9 Months Ended September 30,	
	2004	2003	2004	2003
Service cost	$ .1	$ .1	$ .3	$ .3
Interest cost	.3	.4	1.0	1.0
Expected return on assets	—	—	—	—
Amortization of unrecognized gain	(.1)	(.2)	(.4)	(.5)
Total benefit cost	$ .3	$ .3	$ .9	$ .8

Contributions made to our U.S. pension plans were $.5 and $1.4 for the three months and nine months ended September 30, 2004, respectively. Contributions made to our retiree health plan were $.4 and $.9 for the three and nine months ended September 30, 2004, respectively. 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.

(9) Shareholders' Equity

Comprehensive income (loss) consists of the following:

	3 Months Ended September 30,		9 Months Ended September 30,	
	2004	2003	2004	2003
Net earnings	$ 83.4	$43.8	$176.1	$ 87.8
Other comprehensive income:				
Foreign currency translation gain (loss)	17.4	22.1	(6.6)	77.3
Unrealized gain on available-for-sale securities – net of tax	1.0	.6	2.3	2.9
Unrealized (loss) gain on derivative financial instruments – net of tax	(1.4)	1.3	(0.6)	2.5
Comprehensive income	$100.4	$67.8	$171.2	$170.5

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.

On October 29, 2004, the Board of Directors declared a cash dividend of $.20 per share, which is payable on December 15, 2004 to shareholders of record on December 6, 2004.

The Board of Directors also approved on October 29, 2004, a share repurchase program, which gives us the ability to purchase up to 5 million shares of our issued and outstanding common stock. Purchases under this program may be made from time to time in open market or privately negotiated transactions. Common stock acquired through the repurchase program will be available for general corporate purposes. This repurchase program replaces our previously approved program.

(10) Interest and Other Expense (Income)

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

	3 Months Ended September 30,		9 Months Ended September 30,	
	2004	2003	2004	2003
Interest expense	$10.9	$ 10.6	$ 34.0	$31.0
Interest income	(2.2)	(1.5)	(6.2)	(6.0)
Foreign exchange (gain) loss	(.4)	.6	(.1)	(.9)
Miscellaneous expense (income), net	.8	(.3)	(10.3)	3.1
Interest and other (income) expense	$ 9.1	$ 9.4	$ 17.4	$27.2

Miscellaneous expense (income), net for the nine months ended September 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.

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(11) Segment Data

	3 Months Ended September 30,		9 Months Ended September 30,	
	2004	2003	2004	2003
Revenues from Services:				
United States [a]	$ 531.8	$ 500.6	$ 1,523.7	$1,448.0
France	1,402.0	1,279.1	3,816.8	3,405.7
EMEA	1,305.4	993.1	3,648.5	2,830.7
Jefferson Wells [b]	110.6	33.6	237.7	98.9
Right [c]	102.5	17.1	324.2	49.1
Other Operations	448.5	379.7	1,306.4	1,062.9
Consolidated [a]	$3,900.8	$3,203.2	$10,857.3	$8,895.3
Operating Unit Profit:				
United States	$ 15.6	$ 11.0	$ 32.5	$ 24.0
France	55.6	51.3	123.8	120.1
EMEA	33.9	17.3	73.8	34.7
Jefferson Wells	25.1	(3.7)	38.2	(10.3)
Right	3.2	.1	24.9	(.9)
Other Operations	10.8	11.2	35.7	27.7
Consolidated	144.2	87.2	328.9	195.3
Corporate expenses	14.0	8.4	41.6	26.5
Amortization of other intangible assets	3.3	—	9.0	—
Interest and other expense (income)	9.1	9.4	17.4	27.2
Earnings before income taxes	$ 117.8	$ 69.4	$ 260.9	$ 141.6

(a) In the United States, where a majority of our franchises operate, Revenues from services include fees received from the related franchise offices of $6.3 and $5.6 for the three months ended September 30, 2004 and 2003, respectively, and $18.3 and $15.7 for the nine months ended September 30, 2004 and 2003, respectively. These fees are primarily based on revenues generated by the franchise offices, which were $318.4 and $261.4 for the three months ended September 30, 2004 and 2003, respectively, and $871.1 and $739.4 for the nine months ended September 30, 2004 and 2003, respectively.

Our consolidated Revenues from services include fees received from our franchise offices of $8.9 and $6.9 for the three months ended September 30, 2004 and 2003, respectively, and $25.0 and $18.8 for the nine months ended September 30, 2004 and 2003, respectively. These fees are primarily based on revenues generated by the franchise offices, which were $397.0 and $314.0 for the three months ended September 30, 2004 and 2003, respectively, and $1,068.9 and $874.8 for the nine months ended September 30, 2004 and 2003, respectively.

(b) Jefferson Wells was previously included in our Other Operations segment and historical amounts have been reclassified to conform to the current year presentation.

(c) Represents the operations of Right Management Consultants, Inc. since its acquisition in January 2004, and the Empower Group. The Empower Group was previously included in our Other Operations segment and historical amounts have been reclassified to conform to the current year presentation.

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

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

Revenues from services increased 21.8% to $3,900.8 million for the third 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 14.1%. Revenue growth in the third quarter of 2004 was also favorably impacted by acquisitions, primarily Right Management Consultants, Inc. ("RMC"). Revenues increased 19.0% excluding acquisitions or 11.4% 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, including EMEA and Jefferson Wells, where revenues increased 19.9% and 229.5%, respectively, on a constant currency basis. (See Financial Measures on pages 29 and 30 for further information on constant currency and organic constant currency.)

Gross profit increased 32.5% to $728.1 million for the third quarter of 2004. In constant currency, Gross profit increased 24.7%. Gross profit margin was 18.7%, an increase of 150 basis points (1.5%) over the third quarter of 2003. Gross profit growth from acquisitions, primarily from RMC, was $51.5 million, which favorably impacted gross profit margin by 90 basis points (.9%). Excluding acquisitions, gross profit margin was 17.8% for the third quarter of 2004, an increase of 60 basis points (.6%) over the gross profit margin of 17.2% in the year earlier period. This improvement is a result of the change in the mix of services provided, toward those with higher gross profit margins. Approximately one-half of this improvement is due to the relatively higher growth at Jefferson Wells, with the remaining benefit coming from an increase in higher gross profit services, including our permanent placement business, in EMEA and the Other Operations segment. In addition, there was gross profit margin improvement in some markets, particularly Jefferson Wells, however this improvement was offset by increased social costs in various markets, including increased U.S. workers' compensation costs and state unemployment taxes.

Selling and administrative expenses increased 27.7% from the third quarter of 2003 to $601.2 million in the third quarter of 2004. In constant currency, these expenses increased 20.2%. This increase is primarily in response to the increase in business volumes and the impact of acquisitions, including the intangible asset amortization resulting from the RMC acquisition of $3.3 million in the third quarter of 2004. Excluding the impact of acquisitions, these expenses increased 17.2%, or 10.2% on an organic constant currency basis. As a percent of revenues, Selling and administrative expenses were 15.4% in the third quarter of 2004 compared to 14.7% in the third 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 14.5% of revenues, an improvement from the third quarter of 2003. This improvement reflects productivity gains as personnel and office costs increased at a lower rate than revenue growth.

These productivity improvements are a result of our cost control efforts; an initiative implemented by each of our country operations beginning at the end of 2001 in response to slowing revenue growth. The initiative focused on reducing excess selling and administrative expenses and included a review of personnel costs, outside services, office expenses, and other costs. The goal of the initiative was to maintain or reduce expenses as a percent of revenues and gross profit and thereby improve our operating profit margins, while preserving our underlying infrastructure to enable us to respond quickly once there was a recovery in the demand for our services. This initiative will continue as our revenue growth rates improve, to ensure that we are prudent in adding expenses to support the increasing revenues.

Operating profit increased 60.9% for the third quarter of 2004 over 2003, with an operating profit margin of 3.3% in 2004 compared to 2.5% in 2003. On a constant currency basis, Operating profit increased 51.2%. Excluding the impact of acquisitions, Operating profit increased 59.3%, or 49.7% on an organic constant currency basis in the third quarter of 2004. Acquisitions had no impact on our operating profit margin for the quarter.

Interest and other expenses were $9.1 million in the third quarter of 2004 compared to $9.4 million for the same period in 2003. Net interest expense decreased $.4 million in the quarter to $8.7 million due to an increase in interest income. Translation gains in the third quarter of 2004 were $.4 million compared to a loss of $.6 million in the year earlier period. Miscellaneous expenses, net, which consist of bank fees and other non-operating income and expenses, were $.8 million in the third quarter of 2004 compared to income of $.3 million in 2003.

We provided for income taxes during the third quarter of 2004 at a rate of 29.2%, which reflects the impact of an $8.0 million reversal of a tax contingency reserve during the quarter. Excluding the impact of this reversal, our tax rate for the quarter is 36%, which is our current estimate of the annual effective tax rate, excluding the impact of the tax contingency reversal in the third quarter and the non-operating gains recorded in the first quarter. This rate is higher than the U.S. Federal statutory rate of 35% due primarily to the impact of 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 of 36% for 2004, excluding the impact of the tax contingency reversal in the third quarter and 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 had been completed. Based on the results of these audits, we reversed a tax contingency of $8.0 million to income in the third quarter of 2004 ($.08 per share on a diluted basis).

Net earnings per share – diluted increased 58.9% to $.89 in the third quarter of 2004 compared to $.56 in the third quarter of 2003. In constant currency, Net earnings per share – diluted increased 51.8%. The higher foreign currency exchange rates positively impacted Net earnings per share – diluted by approximately $.04 in the third 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 indenture. Based on the terms of the indenture, the Debentures remained convertible until August 11, 2004. 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 third quarter of 2004 through August 11, 2004. Net earnings per share – diluted for the third quarter of 2004 was reduced by $.02 compared to the third quarter of 2003 as a result of including the contingently issuable shares in the calculation. (See note 5 to the consolidated financial statements for further information.)

During September 2004, the Emerging Issues Task Force (“EITF”) issued Issue No. 04-8, “The Effect of Contingently Convertible Debt on Diluted Earnings Per Share (“EITF 04-8”),” which requires the effect of contingently convertible debt securities with a market price trigger to be included in the calculation of diluted earnings per share, using the “if-converted” method, regardless of whether the market price trigger has been met. EITF 04-8 also requires that previously reported diluted earnings per share be restated. We will adopt EITF 04-8 in the fourth quarter of 2004. Upon adoption, our restated Net earnings per share – diluted amounts will be $.87 and $.53 for the three months ended September 30, 2004 and 2003, respectively.

Segment Operating Results

United States

In the United States, revenues increased 6.2% in the third quarter of 2004 compared to the third quarter of 2003. This increase is impacted by the sale of certain assets of Transpersonnel, a short and long haul semi-driver operation, during the third quarter of 2004. Excluding the revenue from Transpersonnel in the third quarter of 2003, revenues increased 8.3% in the United States, an improvement from the 6.9% year-over-year growth rate experienced in the second quarter of 2004. This increased growth is a result of an increase in customer demand for our services, particularly in the Industrial sector. Revenues increased 5.2% for the first nine months of 2004 compared to 2003 (5.8% on an organic basis).

Revenues include fees received from our franchise offices of $6.3 million and $5.6 million for the three months ended September 30, 2004 and 2003, respectively, and $18.3 million and $15.7 million for the nine months ended September 30, 2004 and 2003, respectively. These fees are primarily based on revenues generated by the franchise offices, which were $318.4 million and $261.4 million for the three months ended September 30, 2004 and 2003, respectively, and $871.1 million and $739.4 million for the nine months ended September 30, 2004 and 2003, respectively.

The gross profit margin declined during the third quarter of 2004 compared to the third quarter of 2003 as a result of higher workers’ compensation costs and state unemployment taxes, and a shift in the business mix toward lower gross profit margin business.

Selling and administrative expenses declined slightly in the third quarter of 2004 compared to the year earlier period, despite the increase in revenues. This expense control reflects 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 2.9% in the third quarter of 2004 compared to 2.2% in the third quarter of 2003, which reflects the increased leveraging of expenses offset somewhat by the decline in gross profit margin. For the first nine months of 2004, OUP margin was 2.1% compared to 1.7% in 2003.

France

In France, revenues increased 9.6% (1.0% in Euro) during the third quarter of 2004 compared to 2003. This year-over-year growth rate, in Euro, is a slight decrease from that experienced during each of the first two quarters of 2004. Revenues, in Euro, for the first nine months of 2004 are 2.1% above prior year levels.

The gross profit margin declined slightly in the third 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, in Euro, for the third quarter of 2004 are slightly lower than the third quarter 2003. This decrease, in Euro, is primarily due to effective expense management.

OUP margin in France was 4.0% during the third quarter of 2004 and 2003, and 3.2% and 3.5% for the first nine months of 2004 and 2003, respectively. This decline for the nine-month period primarily reflects the decline in gross profit margin levels throughout the period.

EMEA

In EMEA, which represents operations throughout Europe, the Middle East and Africa (excluding France), revenues increased 31.4% in the third quarter of 2004 compared to the third quarter of 2003 (an increase of 19.9% on a constant currency basis, or 18.5% in organic constant currency). On a constant currency basis, year-over-year revenue growth rates have increased from that experienced in each of the first two quarters of 2004. Local currency revenue growth was experienced in all major markets, with the highest growth rates reported in Belgium, Elan, Germany, Holland, and Italy. For the first nine months of 2004, revenues have increased 28.9% (16.8% in constant currency, or 15.2% in organic constant currency).

The gross profit margin for the third quarter of 2004 was slightly higher than the third quarter of 2003, due to continued focus on pricing and an increase in permanent placement business for the quarter. For the first nine months of 2004, gross profit margins remain slightly below prior year levels due to pricing pressures experienced earlier in the year 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 throughout the segment. However, expenses increased over the 2003 level due to the need to support the increased revenues and the investments in new office openings in certain markets.

OUP margin for EMEA was 2.6% and 1.7% for the third quarter of 2004 and 2003, respectively, and 2.0% and 1.2% for the first nine months of 2004 and 2003, respectively. The improvement in OUP margin was primarily the result of leveraging our expense base with the increased revenue levels.

Jefferson Wells

Revenues for Jefferson Wells in the third quarter of 2004 more than tripled that of the year earlier period due to increasing demand for internal audit and control services (including Sarbanes-Oxley compliance services), finance and accounting services, and tax services. Approximately 20% of Jefferson Wells’ revenues was generated from providing services to one customer. Approximately 20% of Jefferson Wells’ revenues for the first nine months of 2004 were generated from providing services to one customer. We do not anticipate a significant change in the level of these services during the coming year that would have a significant impact on our operating results.

The gross profit margin in the third quarter and first nine months of 2004 has increased from the respective periods in 2003 primarily due to higher utilization rates among salaried professional staff as a result of the increased business volumes. In addition, the increased use of hourly-paid professionals to meet the 2004 revenue levels has further increased utilization rates, favorably impacting gross profit margins.

Selling and administrative expenses have been well controlled and are up primarily due to variable expenses, such as commissions and broad-based incentive compensation costs associated with the increased volume of business. Investments in new offices are also being made in the U.S. and foreign markets.

The OUP margin for Jefferson Wells in the third quarter of 2004 was 22.7% compared to -10.8% in the third quarter of 2003. This OUP margin level is higher than normal due to the unusually high staff utilization rates in the quarter due to the increased business volumes. For the first nine months of 2004, the OUP margin was 16.1% compared to -10.4% in 2003.

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, and the results of the combined entity are reported as the Right segment. (See note 3 to the consolidated financial statements for further information.)

Revenues for Right were $102.5 million in the third quarter of 2004 and $324.2 million for the first nine months of 2004. We have experienced increased activity in the organizational consulting services throughout the first nine months 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 in many markets.

Gross profit margin for the third quarter of 2004 is slightly lower than each of the first two quarters in 2004 due to the seasonality of Right’s business.

OUP margin for Right was 3.2% in the third quarter of 2004 and 7.7% in the first nine months of 2004. OUP for the third quarter of 2004 was impacted by approximately $1.4 million in severance and office closure costs resulting from the merger of our Empower operations into RMC (approximately $3.9 million for the first nine months of 2004).

Other Operations

Historically, the results of Jefferson Wells and the Empower Group have been included in the Other Operations segment. Prior year results have been reclassified to conform to the current year presentation.

Revenues of Other Operations increased 18.1% (13.7% in constant currency) during the third quarter of 2004 compared to 2003. This year-over-year growth rate, in constant currency, has decreased slightly in each of the first three quarters of 2004. Revenue increases for the third quarter, in constant currency, were experienced in all significant markets in this segment, including Japan and Mexico where each reported revenue increases greater than 10% for the quarter. For the first nine months of 2004, revenues for this segment have increased 22.9% from the year earlier period (15.6% in constant currency).

The gross profit margin increased in the third quarter of 2004 compared to 2003 due primarily to a shift in the mix of business toward those services with higher gross profit margins. Gross profit margins have decreased slightly throughout the year due primarily to increased social costs in Japan.

Selling and administrative expenses increased in the third quarter of 2004 compared to the third 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 third quarter of 2004 was 2.4% compared to 3.0% for the same period in 2003. This decrease is due to the higher expense levels in some markets and the lower gross profit margins in Japan. OUP margin for the first nine months of 2004 and 2003 was 2.7% and 2.6%, respectively.

Operating Results - Nine Months Ended September 30, 2004 and 2003

Revenues from services increased 22.1% to $10,857.3 million for the first nine months 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 13.3%. Revenue growth in the first nine months of 2004 was also favorably impacted by acquisitions, primarily RMC. Revenues increased 18.5% excluding acquisitions or 10.0% 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, including EMEA and JWI, where revenues increased 16.8% and 140.4%, respectively, on a constant currency basis. (See Financial Measures on pages 29 and 30 for further information on constant currency and organic constant currency.)

Gross profit increased 31.7% to $2,023.9 million for the first nine months of 2004. In constant currency, Gross profit increased 22.8% compared to the first nine months of 2003. Gross profit margin was 18.6%, an increase of 130 basis points (1.3%) from the first nine months of 2003. Gross profit growth from acquisitions, primarily from RMC, was $168.2 million, which favorably impacted gross profit margin by 100 basis points (1.0%). Excluding acquisitions, gross profit margin was 17.6% for the first nine months of 2004, an increase of 30 basis points (.3%) over the gross profit margin of 17.3% in the year earlier period. This improvement is a result of the change in the mix of services provided, toward those with higher gross profit margins. Approximately one-half of this improvement is due to the relatively higher growth at Jefferson Wells, with the remaining benefit coming from an increase in higher gross profit services, including our permanent placement business, in EMEA and the Other Operations segment. In addition, there was gross profit margin improvement in some markets, particularly Jefferson Wells, however 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 27.6% from the first nine months of 2003, to $1,745.6 million in the first nine months of 2004. These expenses increased 19.0% in constant currency. This increase is primarily in response to the increase in business volumes and the impact of acquisitions, including the intangible asset amortization resulting from the RMC acquisition of $9.0 million in the first nine months of 2004. Excluding the impact of acquisitions, these expenses increased 16.8%, or 8.7% on an organic constant currency basis. As a percent of revenues, Selling and administrative expenses were 16.1% in the first nine months of 2004 compared to 15.4% in the first nine months 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 15.2% of revenues, which is an improvement from the first nine months of 2003. This improvement reflects productivity gains as personnel and office costs increased at a lower rate than revenue growth.

Operating profit increased 64.8% for the first nine months of 2004 over 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 53.5%. Excluding the impact of acquisitions, Operating profit increased 52.9%, or 42.0% on an organic constant currency basis in the first nine months of 2004. Operating profit margin excluding acquisitions improved to 2.5% for the first nine months of 2004 compared to 1.9% in 2003.

Interest and other expenses were $17.4 million the first nine months of 2004 compared to $27.2 million for the same period in 2003. Net interest expense increased $2.8 million in the first nine months of 2004 to $27.8 million primarily due to the higher borrowing levels earlier in 2004 resulting from our acquisition of RMC. Translation gains in the first nine months of 2004 were $.1 million compared to $.9 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 $10.3 million in the first nine months of 2004 compared to expense of $3.1 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 during the first quarter. Net proceeds from this transaction were $29.8 million.

We provided for income taxes during the first nine months of 2004 at a rate of 36.0%, based on our current estimate of the annual effective tax rate, adjusted for the reversal of a tax contingency in the third quarter of 2004 and the impact of non-operating gains recorded in the first quarter of 2004. 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% 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 reversal of the tax contingency in the third quarter and 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 70.5% to $1.91 in the first nine months of 2004 compared to $1.12 in the first nine months of 2003. In constant currency, Net earnings per share – diluted increased 60.7%. The higher foreign currency exchange rates positively impacted Net earnings per share – diluted by approximately $.11 in the first nine months 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 indenture. Based on the terms of the indenture, the Debentures were convertible from May 13, 2004 through August 11, 2004. 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 nine months of 2004 from April 1, 2004 (the beginning of the second quarter, when the Debentures became convertible) through August 11, 2004. Net earnings per share – diluted for the first nine months of 2004 was reduced by $.04 compared to the year earlier period in 2003 as a result of including the contingently issuable shares in the calculation. (See note 5 to the consolidated financial statements for further information.)

As previously discussed, we will adopt EITF 04-8 in the fourth quarter of 2004. Upon adoption, our restated Net earnings per share – diluted amounts will be $1.86 and $1.09 for the nine months ended September 30, 2004 and 2003, respectively.

Liquidity and Capital Resources

Cash provided by operating activities was $62.1 million in the first nine months of 2004 compared to $95.7 million for the first nine months of 2003. This decrease is primarily due to a larger increase in working capital requirements, as a result of the increase in business volumes, offset by the improved operating earnings. Working capital requirements increased $176.7 million in the first nine months of 2004 compared to an increase of $60.4 million in 2003.

Capital expenditures were $42.7 million in the first nine months of 2004 compared to $38.9 million during the first nine months of 2003. These expenditures are primarily comprised of purchases of computer equipment, office furniture and other costs related to office openings and refurbishments.

Cash paid for acquisitions of businesses of $113.8 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.

Net borrowings in the first nine months of 2004 were $5.3 million compared to net repayments of $80.7 million in the year earlier period.

Accounts receivable increased to $3,071.0 million as of September 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 September 30, 2004 balance would have been approximately $29.5 million higher than reported.

As of September 30, 2004, we had borrowings of $124.4 million and letters of credit of $76.2 million outstanding under our Five-year Facility, and there were no borrowings outstanding under our commercial paper program.

In October 2004, we entered into a new $625.0 million revolving credit agreement with a syndicate of commercial banks that expires in October 2009. The new agreement replaces our $450.0 million five-year revolving credit facility and $200.0 million 364-day revolving credit facility. Amounts borrowed under the $450.0 million five-year facility have been transferred to this new facility.

The new revolving credit agreement allows for borrowings in various currencies and up to $150.0 million may be used for the issuance of standby letters of credit.

The interest rate and facility fee on the new agreement, as well as the fee paid for the issuance of letters of credit on the facility, vary based on our public debt ratings and borrowing level. The current interest rate is LIBOR plus .675% and the facility and issuance fees are .20% and .675%, respectively.

We continue to have various interest rate swap agreements to fix our interest costs on a portion of our Euro-denominated variable rate borrowings. The Euro interest rate swap agreements have a notional value of €100.0 ($124.4) which fix the interest rate, on a weighted-average basis, at 5.7% and expire in 2010. Such contracts have been designated as cash flow hedges and were considered highly effective, as defined by SFAS No. 133, as amended, as of September 30, 2004. Considering our new revolving credit agreement, we expect that the interest rate swap agreements will continue to be highly effective.

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

We also maintain separate lines of credit with foreign financial institutions to meet the working capital needs of our foreign operations. As of September 30, 2004, such lines totaled $272.0 million, of which $263.5 million was unused.

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 our new revolving credit agreement, we had a Debt-to-EBITDA ratio of 1.86 to 1 and a fixed charge ratio of 2.64 to 1 as of September 30, 2004. Based upon current forecasts, we expect to be in compliance with these covenants throughout 2004.

On October 29, 2004, the Board of Directors declared a cash dividend of $.20 per share, which is payable on December 15,2004 to shareholders of record on December 6, 2004.

The Board of Directors also approved on October 29,2004, a share repurchase program, which gives us the ability to purchase up to 5 million shares of our issued and outstanding common stock. Purchases under this program may be made from time to time in open market or privately negotiated transactions. Common stock acquired through the repurchase program will be available for general corporate purposes. This repurchase program replaces our previously approved program.

We have aggregate commitments related to debt repayments, operating leases and other commitments of $1,360.0 million as of September 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 $134.2 million and $135.4 million as of September 30, 2004 and December 31, 2003, respectively ($58.0 million and $68.7 million for guarantees, respectively, and $76.2 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 $636.7 million, including acquisition and severance costs, was reflected in the consolidated financial statements as of September 30, 2004 and is subject to revision. The purchase price allocation has not been completed, as we do not 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 $315.0 million in goodwill has been recorded as of September 30, 2004 (see note 3 to the consolidated financial statements for further information.)

Employment-Related Items

On a routine basis, government 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.

Goodwill Impairment Review

In connection with Statement of Financial Accounting Standards No. 142, “Goodwill and Other Intangible Assets,” we are required to perform goodwill impairment reviews, at least annually, using a fair-value based approach. The majority of our goodwill results from our acquisitions of RMC, Elan and Jefferson Wells.

As part of our impairment reviews, we estimate fair value primarily by using a discounted cash flow analysis. Significant assumptions used in this analysis include: expected future revenue growth rates, OUP margins, and working capital levels; a discount rate; and a terminal value multiple.

We have completed our annual impairment review for 2004 and determined there to be no impairment of goodwill. We plan to perform our next annual impairment review during the third quarter of 2005. However, we may be required to perform an impairment review prior to our scheduled annual review if certain events occur, including lower than forecasted earnings levels for certain reporting units. In addition, changes to other assumptions could significantly impact our estimate of the fair value of our reporting units. Such a change may result in a goodwill impairment charge, which could have a significant impact on a reportable segment and our consolidated financial statements.

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.

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. 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 adopted FSP 106-2 in the third quarter of 2004 and it did not have a material impact on our consolidated financial statements.

During September 2004, the Emerging Issues Task Force (“EITF”) issued Issue No. 04-8, “The Effect of Contingently Convertible Debt on Diluted Earnings Per Share,” (“EITF 04-8”) which requires the effect of contingently convertible debt securities with a market price trigger to be included in the calculation of diluted earnings per share, using the “if-converted” method, regardless of whether the market price trigger has been met. This EITF 04-8 also requires that previously reported diluted earnings per share be restated. We will adopt EITF 04-8 in the fourth quarter of 2004.

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

In October 2004, we entered into a new $625.0 million revolving credit agreement with a syndicate of commercial banks that expires in October 2009. The new agreement replaces our $450.0 million five-year revolving credit facility and $200.0 million 364-day revolving credit facility. Amounts borrowed under the $450.0 million five-year facility have been transferred to this new facility.

The interest rate and facility fee on the new agreement, as well as the fee paid for the issuance of letters of credit on the facility, vary based on our public debt ratings and borrowing level. The current interest rate is LIBOR plus .675% and the facility and issuance fees are .20% and .675%, respectively.

Our 2003 Annual Report on Form 10-K contains certain other disclosures about market risks affecting us. There have been no other 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 (the "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.

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PART II - OTHER INFORMATION

Item 5 – Other Information

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

(a) Audit opinion needed for subsidy declaration of a foreign subsidiary; and

(b) Technical update seminar.

Item 6 – Exhibits

10.1	Terms and Conditions Regarding the Grant of Awards to Non-Employee Directors under the 2003 under the Equity Incentive Plan of Manpower Inc. (Amended and Restated Effective July 29,2004.)
10.2	Manpower Inc. Nonstatutory Stock Option Agreement
10.3	Manpower Inc. Restricted Stock Agreement
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.

FINANCIAL MEASURES

Constant Currency

Changes in our revenues and operating profits include the impact of changes in foreign currency exchange rates, acquisitions and dispositions. 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 and dispositions from the prior 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 for the three months ended September 30, 2004.

	Reported Variance	Impact of Currency	Variance in Constant Currency	Impact of Acquisitions/ Dispositions (in Constant Currency)	Organic Constant Currency Variance
			(Unaudited)		
Revenues from services:					
United States	6.2%	— %	6.2%	(2.1)%	8.3%
France	9.6	8.6	1.0		
EMEA	31.4	11.5	19.9	1.4	18.5
Jefferson Wells	229.5	—	229.5		
Right [a]	—	—	—		
Other Operations	18.1	4.4	13.7		
Manpower Inc.	21.8	7.7	14.1	2.7	11.4
Gross profit	32.5	7.8	24.7	8.9	15.8
Selling and administrative expenses	27.7	7.5	20.2	10.0	10.2
Operating profit	60.9	9.7	51.2	1.5	49.7
Net earnings per share – diluted	58.9	7.1	51.8		

(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.

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Constant currency and organic constant currency percent variances, along with a reconciliation of these amounts to certain of our reported results, are provided below for the nine months ended September 30, 2004.

	Reported Variance	Impact of Currency	Variance in Constant Currency	Impact of Acquisitions/ Dispositions (in Constant Currency)	Organic Constant Currency Variance
			(Unaudited)		
Revenues from services:					
United States	5.2 %	— %	5.2 %	(.6) %	5.8 %
France	12.1	10.0	2.1		
EMEA	28.9	12.1	16.8	1.6	15.2
Jefferson Wells	140.4	—	140.4		
Right [(a)]	—	—	—		
Other Operations	22.9	7.3	15.6		
Manpower Inc.	22.1	8.8	13.3	3.3	10.0
Gross profit	31.7	8.9	22.8	10.4	12.4
Selling and administrative expenses	27.6	8.6	19.0	10.3	8.7
Operating profit	64.8	11.3	53.5	11.5	42.0
Net earnings per share – diluted	70.5	9.8	60.7		

(a) Represents the operations of 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.

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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: November 9, 2004

/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)

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EXHIBIT INDEX

Exhibit No.	Description
10.1	Terms and Conditions Regarding the Grant of Awards to Non-Employee Directors under the 2003 Equity Incentive Plan of Manpower Inc. (Amended and Restated Effective July 29, 2004.)
10.2	Manpower Inc. Nonstatutory Stock Option Agreement
10.3	Manpower Inc. Restricted Stock Agreement
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Exhibit 10.1

Terms and Conditions Regarding the Grant of Awards
to Non-Employee Directors under the
2003 Equity Incentive Plan
of
Manpower Inc.

(Amended and Restated Effective July 29, 2004)

1. Definitions

Unless the context otherwise requires, the following terms shall have the meanings set forth below:

(a) "Average Trading Price" shall mean the average of the Market Prices on the last trading day of each full or partial calendar quarter covered by an Election Period; provided, however, that with respect to the Election Period beginning on July 29, 2003, "Average Trading Price" shall mean the average of the Market Price on November 7, 2003 and the Market Price on the last trading day of the last full or partial calendar quarter covered by that Election Period.

(b) A "Commencement Date" shall mean, with respect to Directors in office as of July 29, 2003, July 29, 2003 and thereafter January 1st of any year, shall mean, with respect to Directors appointed to the Board of Directors after July 29, 2003, the date of the Director's initial appointment to the Board of Directors and thereafter January 1st of any year, and shall mean, with respect to individuals who were Employee members of the Board of Directors and who become Directors after July 29, 2003, the date on which such individual becomes a Director and thereafter January 1st of any year.

(c) An "Election Period" shall mean a period of time beginning on a Commencement Date and ending on the earlier of (a) the date of termination of a Director's tenure as a Director or (b) the next succeeding December 31st.

(d) "Equity Plan" shall mean the 2003 Equity Incentive Plan of Manpower Inc.

(e) "Option" shall mean a Nonstatutory Stock Option granted under the Equity Plan.

(f) "Retainer" shall mean the annual cash retainer payable to a Director as established from time to time by the Board of Directors; provided, however, that the term "Retainer" shall not include that portion of the annual cash retainer as to which a right exists to make an election under, or for which a prior election is in effect under, the Terms and Conditions Regarding the Grant of Options in Lieu of Cash Directors Fees to Non-Employee Directors Under 2003 Equity Incentive Plan of Manpower Inc. (the "Option Terms") or the Procedures Governing the Grant of Options to Non-Employee Directors Under the 1994 Executive Stock Option and Restricted Stock Plan of Manpower Inc. (the "Option Procedures").

(g) “Retirement” shall mean a Director’s termination of membership on the Board of Directors at a time when (1) the Director is age 60 or older and has served at least five years on the Board of Directors, or (2) the Director has served at least ten years on the Board of Directors.

Any capitalized terms used below which are not otherwise defined above will have the meanings assigned to them in the Equity Plan.

2. Right to Elect Deferred Stock.

Within ten days after the Commencement Date of each Election Period, a Director may elect to receive, in lieu of the Retainer to which he or she would otherwise be entitled for that Election Period, Deferred Stock granted in accordance with the following. The election shall cover 50 percent, 75 percent or 100 percent of the Retainer payable to the Director for the Election Period. The election to receive Deferred Stock in lieu of the Retainer must be made within ten days after the commencement of the Election Period covered by the election, except that for an election made by a Director (a) for the Election Period beginning on July 29, 2003, the election may be made by November 7, 2003 or (b) in connection with his or her initial appointment to the Board of Directors or otherwise becoming a Director, the election may be made within the first 10 days following the date of such appointment or attaining such status. Notwithstanding the foregoing, no Director who is a resident of the United Kingdom shall be eligible to make an election hereunder but rather shall be required to receive Deferred Stock in lieu of 100 percent of the Retainer and, as such, treated as if he or she had made an election covering a period beginning on each Commencement Date and ending on the expiration of the Election Period beginning on such date. The number of shares of Deferred Stock granted with respect to each Election Period shall equal (a) the amount of the Retainer payable to the Director for that Election Period to which the election relates, divided by (b) the Average Trading Price (rounded to the fourth decimal place). Said election shall be in writing and delivered to the Secretary of the Company. The date of grant of the Deferred Stock shall be the last trading day of the Election Period covered by the election. The Company shall effect the granting of Deferred Stock under these Terms and Conditions by the execution of Deferred Stock Agreements.

3. Deferred Stock: General Provisions

(a) *Distribution of Shares.* The Company shall settle Deferred Stock in Shares. Deferred Stock granted to Directors shall be fully vested on the date of grant. Shares shall be distributed in respect of Deferred Stock within 30 days after the date of termination of a Director’s tenure as a Director; provided, however, that if the distribution of such Shares would occur outside of a “Trading Window” (as defined in the Manpower Inc. Statement of Policy on Securities Trading), then the Company may delay the distribution of such Shares until the beginning of the next “Trading Window”.

(b) *Dividends and Distributions*. As of the end of each Election Period, each Director shall be granted a number of additional shares of Deferred Stock equal to the amount of dividends which would have been received by a shareholder of record of a number of Shares equal to the number of shares of Deferred Stock held by such Director immediately before such

dividend, divided by the Average Trading Price. In the event of any distribution with respect to Shares other than a cash dividend, then at the end of each Election Period each Director shall be granted a number of additional shares of Deferred Stock equal to the number of Shares which could have been purchased at the Average Trading Price with an amount equal to the fair market value of the consideration which would have been received by a shareholder of record of a number of Shares equal to the number of shares of Deferred Stock held by such Director immediately before such dividend.

4. Transition Provisions

Except as provided below, the Option Terms and the Option Procedures are terminated effective July 29, 2003. All elections in effect as of July 29, 2003 under the Option Terms and the Option Procedures shall remain in effect. Directors in office prior to July 29, 2003 for whom an election is not in effect under the Option Terms or the Option Procedures covering the full period from November 5, 2001 through November 4, 2006 will continue to have the right to make elections under the Option Terms with respect to the first $50,000 of the annual cash retainer through November 4, 2006.

5. Annual Option Grant

On the date of the meeting of the Board of Directors closest to October 31st of each year, each Director shall be granted an Option to purchase 5,000 Shares. If the date of a Director's initial appointment to the Board of Directors is:

(a) after the date of that meeting of the Board of Directors, but on or before December 31st of that year, the Director shall be granted an Option to purchase 5,000 Shares;

(b) on or after January 1st of the following year, but on or before March 31st of such year, then the Director shall be granted an Option to purchase 3,750 Shares;

(c) on or after April 1st of the following year, but on or before June 30th of such year, then the Director shall be granted an Option to purchase 2,500 Shares;

(d) on or after July 1st of the following year, but on or before September 30th of such year, then the Director shall be granted an Option to purchase 1,250 Shares; and

(e) on or after October 1st of the following year, but before the date of the meeting of the Board of Directors closest to October 31st of such year, then the Director shall not be granted an Option to purchase any Shares until the grant to be made at such meeting.

Options to be granted in accordance with clauses (a) through (d), above, shall be granted on the effective date of the Director's appointment to the Board of Directors or, if instead applicable, on the date of the meeting of the Board of Directors next following the date an individual serving on the Board of Directors qualifies as a Director. Each Option granted hereunder shall have an exercise price equal to the Market Price on the business day immediately preceding the date of grant, and shall be immediately exercisable on the date of grant, and shall

remain exercisable until the earlier of ten years after the date of grant, or three years after the date the Director's membership on the Board of Directors terminates because of death or upon the Disability or Retirement of the Director, or 18 months after the date the Director's membership on the Board of Directors terminates in any other circumstances. The Board of Directors may in its sole discretion increase the periods permitted for exercise of an Option if a Director ceases to be a Director as provided above, if allowable under applicable law; provided, however, in no event shall an Option be exercisable subsequent to ten years after its date of grant.

6. Application of Plan.

Except as otherwise provided in these Terms and Conditions, the Equity Plan shall apply to any Deferred Stock and Options granted pursuant to these Terms and Conditions.

Exhibit 10.2

MANPOWER INC.

NONSTATUTORY STOCK OPTION AGREEMENT

This Nonstatutory Stock Option Agreement (this "Agreement") is executed as of __________, by and between MANPOWER INC., a Wisconsin corporation (the "Corporation"), and __________ (the "Employee").

W I T N E S S E T H:

WHEREAS the Board of Directors of the Corporation has established the 2003 Equity Incentive Plan (the "Plan") for employees and directors of the Corporation and its Subsidiaries;

WHEREAS, the Corporation anticipates that the Plan will promote the best interests of the Corporation and its shareholders (i) by providing participants who have acquired a proprietary interest in the Corporation with a stronger incentive to put forth maximum effort for the continued success and growth of the Corporation and its Subsidiaries, and (ii) by enabling the Corporation to attract and retain superior employees; and

WHEREAS, the Corporation has granted to the Employee the right to participate in the Plan in the manner and subject to the terms provided in this Agreement and the Plan.

NOW, THEREFORE, in consideration of the benefits that the Corporation will derive in connection with the services to be rendered by the Employee, the Corporation and the Employee hereby agree as follows:

1. Provisions of Plan Control. This Agreement shall be governed by the provisions of the Plan, the terms and conditions of which are incorporated herein by reference. The Plan empowers the Committee to make interpretations, rules and regulations thereunder, and, in general, provides that determinations of such Committee with respect to the Plan shall be binding upon the Employee. Unless otherwise provided herein, all capitalized words in this Agreement shall have the meaning ascribed to them in the Plan. A copy of the Plan will be delivered to the Employee upon reasonable request.

2. Option; Number of Shares; Option Price. The Employee shall have the right and option to purchase all or any part of an aggregate ______ Shares (the "Option") at the purchase price of $______ per Share.

3. Time Limitations on Exercise of Option. The Option will become exercisable as to 25% of the Shares on the first annual anniversary date hereof and an additional 25% will become exercisable on each of the three (3) subsequent annual anniversaries of such date, provided that the Employee is still in the employ of the Corporation on each such date. To the extent that the number of Shares relating to the Option becoming exercisable on any anniversary date is a fractional number, the cumulative number shall be rounded to the closest whole number, provided however, that to the extent necessary, the cumulative number of Shares relating to the Option becoming exercisable on the 4th annual anniversary date shall be adjusted so that the total Shares that have become exercisable on or before the 4th annual anniversary date equals the total number of Shares indicated in Paragraph 2 above. Notwithstanding any limitation established by the Committee on the exercise of the Option or anything else to the contrary contained in

this Agreement, the Option shall be immediately exercisable with respect to all Shares upon the occurrence of a Triggering Event. To the extent not previously exercised according to the terms hereof, the Option shall expire on the tenth anniversary of the date hereof.

4. Termination of Employment. The Option shall be exercisable upon the termination of the Employee's employment relationship with the Corporation and its Subsidiaries only in the manner and to the extent provided in Paragraph 7 of the Plan.

5. Method of Exercising Option. The Option may be exercised in whole or in part in accordance with the manner prescribed by the Corporation in effect on the date of exercise. The Employee may contact the Plan Administrator at the Corporation by calling (414) 961-1000 to receive details regarding the manner of exercise prescribed by the Corporation and in effect on the date of exercise. The Corporation shall have the right to delay the issue or delivery of any Shares to be delivered hereunder until (a) the completion of such registration or qualification of such Shares under federal, state, or foreign law, ruling, or regulation as the Corporation shall deem to be necessary or advisable, and (b) receipt from the Employee of such documents and information as the Committee may deem necessary or appropriate in connection with such registration or qualification or the issuance of Shares hereunder.

6. Prohibition Against Transfer. Unless otherwise provided by the Committee and except as provided in Paragraph 7 of the Plan, the Option, and the rights and privileges conferred hereby, may not be transferred by the Employee, and shall be exercisable during the lifetime of the Employee only by the Employee.

7. Notices. Any notice to be given to the Corporation under the terms of this Agreement shall be given in writing either to the management of the Subsidiary employing the Employee, or to the Corporation in care of its Secretary at 5301 North Ironwood Road, Milwaukee, Wisconsin 53217. Any notice to be given to the Employee may be addressed to him at his address as it appears on the payroll records of the Corporation or any Subsidiary thereof. Any such notice shall be deemed to have been duly given if and when actually received by the party to whom it is addressed, as evidenced by a written receipt to that effect.

8. Taxes. The Corporation may require payment or reimbursement of or may withhold any tax that it believes is required as a result of the grant or exercise of the Option, and the Corporation may defer making delivery with respect to Shares or cash payable hereunder or otherwise until arrangements satisfactory to the Corporation have been made with respect to such withholding obligations.

9. Rights of Employee. The Option, and any payments or other benefits received by the Employee under the Option, is discretionary and shall not be deemed a part of the Employee's regular, recurring compensation for any purpose, including without limitation for purposes of termination, indemnity, or severance pay law of any country and shall not be included in, nor have any effect on, the determination of benefits under any other employee benefit plan, contract or similar arrangement provided to the Employee unless expressly so provided by such other plan, contract or arrangement, or unless the Committee expressly determines otherwise.

IN WITNESS WHEREOF, the Corporation has caused these presents to be executed as of the date and year first above written, which is the date of the granting of the Option evidenced hereby.

MANPOWER INC.

By: ______________________________

The undersigned Employee hereby accepts the foregoing Option and agrees to the several terms and conditions hereof and of the Plan.

____
Employee

Exhibit 10.3

MANPOWER INC.

RESTRICTED STOCK AGREEMENT

This Restricted Stock Agreement (this "Agreement") is executed as of __________ by and between MANPOWER INC., a Wisconsin corporation (the "Corporation"), and __________ (the "Employee").

W I T N E S S E T H:

WHEREAS the Board of Directors of the Corporation has established the 2003 Equity Incentive Plan (the "Plan") with the approval of the shareholders of the Corporation; and

WHEREAS, the Employee has been granted Restricted Stock under the Plan subject to the terms provided in this Agreement and the Plan.

NOW, THEREFORE, the Corporation and the Employee hereby agree as follows:

1. Provisions of Plan Control. This Agreement shall be governed by the provisions of the Plan, the terms and conditions of which are incorporated herein by reference. The Plan empowers the Administrator to make interpretations, rules and regulations thereunder, and, in general, provides that determinations of the Administrator with respect to the Plan shall be binding upon the Employee. Unless otherwise provided herein, all capitalized terms in this Agreement shall have the meanings ascribed to them in the Plan. A copy of the Plan will be delivered to the Employee upon reasonable request.

2. Terms of Award. The Employee has been granted __________ shares of Restricted Stock under the Plan. Notwithstanding the terms of the Plan, the Administrator has determined that the Restricted Period is the period ending on __________, unless the Restricted Period ends sooner as provided in the Plan.

3. Dividends and Voting Rights. The Employee shall be entitled to receive any dividends that become payable with respect to such shares of Restricted Stock and shall be entitled to voting rights with respect to such shares of Restricted Stock.

4. Taxes. The Corporation may require payment or reimbursement of or may withhold any tax that it believes is required as a result of the grant or vesting of such Restricted Stock or any payments in connection with the Restricted Stock, and the Corporation may defer making delivery of any Restricted Stock or Shares in respect of Restricted Stock until arrangements satisfactory to the Corporation have been made with regard to any such payment, reimbursement, or withholding obligation.

5. Stock Certificates. In accordance with the Plan, the Corporation will retain custody of the stock certificates representing Restricted Stock during the Restricted Period. As soon as practicable after the execution of this Agreement, the Participant shall deliver to the Corporation a stock power signed by the Participant to be used in the event the Restricted Stock is forfeited to the Corporation. The Participant's signature on such stock power shall be guaranteed by an institution that is a member of a Medallion signature guarantee program or a similar signature guarantee program acceptable to the Corporation's transfer agent.

6. No Right to Employment. The granting of Restricted Stock under this Agreement shall not be construed as granting to the Participant any right with respect to continued employment by the company or one of its subsidiaries.

7. Multiple Executed Copies. This Agreement may be executed in multiple copies, each of which will constitute an original, and which together will constitute one and the same agreement providing for a single grant of shares of Restricted Stock.

IN WITNESS WHEREOF, the Corporation has caused this Agreement to be executed as of the date and year first above written.

MANPOWER INC.

By: ______________________________

The undersigned Employee hereby accepts the foregoing grant of Restricted Stock and agrees to the several terms and conditions hereof and of the Plan.

____
Employee

Exhibit 12.1

STATEMENT REGARDING COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES

MANPOWER INC.
(in millions)

	9 Months Ended September 30, 2004
Earnings:	
Earnings before income taxes	$ 260.9
Fixed charges	113.6
	$ 374.5
Fixed charges:	
Interest (expensed or capitalized)	$ 34.0
Estimated interest portion of rent expense	79.6
	$ 113.6
Ratio of earnings to fixed charges	3.3

	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 new $625.0 million revolving credit agreement.

Exhibit 31.1

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: November 9, 2004

/s/ JEFFREY A. JOERRES

Jeffrey A. Joerres
Chairman, Chief Executive Officer

Exhibit 31.2

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: November 9, 2004

/s/ MICHAEL J. VAN HANDEL

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

Exhibit 32.1

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 September 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: November 9, 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.

Exhibit 32.2

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 September 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: November 9, 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.