

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

September 30, 1998

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 (IRS Employer
of incorporation) Identification No.)

5301 N. Ironwood Road 53217
Milwaukee, Wisconsin (Zip Code)
(Address of principal executive offices)

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

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

Yes [X] No

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

Table with 2 columns: Class, Shares Outstanding at September 30, 1998. Row: Common Stock, \$.01 par value, 79,185,248

MANPOWER INC. AND SUBSIDIARIES

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PART I - FINANCIAL INFORMATION

Item 1 - Financial Statements

MANPOWER INC. AND SUBSIDIARIES

Consolidated Balance Sheets (Unaudited)  
(in thousands)

ASSETS

	September	December
	30,	31,
	1998	1997

CURRENT ASSETS:

Cash and cash equivalents	\$ 108,427	\$ 142,246
Accounts receivable, less allowance for doubtful accounts of \$41,998 and \$38,019, respectively	1,914,286	1,437,378
Prepaid expenses and other assets	58,342	60,164
Future income tax benefits	42,239	47,113
Total current assets	2,123,294	1,686,901

OTHER ASSETS:

Investments in licensees	32,424	32,763
Other assets	254,269	190,990
Total other assets	286,693	223,753

PROPERTY AND EQUIPMENT:

Land, buildings, leasehold improvements and equipment	385,576	324,770
Less: accumulated depreciation and amortization	213,575	188,394
Net property and equipment	172,001	136,376
Total assets	\$2,581,988	\$2,047,030

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

MANPOWER INC. AND SUBSIDIARIES

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

LIABILITIES AND STOCKHOLDERS' EQUITY

	September 30, 1998	December 31, 1997
CURRENT LIABILITIES:		
Payable to banks	\$ 142,284	\$ 69,848
Accounts payable	361,331	271,064
Employee compensation payable	80,097	68,416
Accrued liabilities	160,337	108,615
Accrued payroll taxes and insurance	276,380	248,605
Value added taxes payable	320,381	223,538
Income taxes payable	11,392	13,303
Current maturities of long-term debt	3,210	1,288
Total current liabilities	1,355,412	1,004,677

OTHER LIABILITIES:

Long-term debt	284,004	189,786
Other long-term liabilities	243,186	235,004
Total other liabilities	527,190	424,790

STOCKHOLDERS' EQUITY:

Preferred stock, \$.01 par value, authorized 25,000,000 shares, none issued	--	--
Common stock, \$.01 par value, authorized 125,000,000 shares, issued 83,187,148 and 82,778,873 shares, respectively	832	828
Capital in excess of par value	1,600,290	1,590,704
Accumulated deficit	(764,674)	(848,195)
Cumulative translation adjustments	(15,404)	(40,688)
Treasury stock at cost, 4,001,900 and 2,432,400 shares, respectively	(121,658)	(85,086)
Total stockholders' equity	699,386	617,563
Total liabilities and stockholders' equity	\$2,581,988	\$2,047,030

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

MANPOWER INC. AND SUBSIDIARIES

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

	3 Months Ended September 30,		9 Months Ended September 30,	
	1998	1997	1998	1997
Revenues from services	\$2,377,750	\$1,973,020	\$6,386,719	5,286,238
Cost of services	1,979,648	1,622,090	5,300,874	4,339,503
Gross profit	398,102	350,930	1,085,845	946,735
Selling and administrative expenses	327,393	267,018	933,438	760,347
Operating profit	70,709	83,912	152,407	186,388
Interest and other income (expense)	(4,162)	(1,119)	(11,658)	(2,875)
Earnings before income taxes	66,547	82,793	140,749	183,513
Provision for income taxes	23,625	30,102	49,965	63,331
Net earnings	\$ 42,922	\$ 52,691	\$ 90,784	\$ 120,182

Net earnings per share	\$	.54	\$	.64	\$	1.13	\$	1.47
Net earnings per share - assuming dilution	\$	.53	\$	.63	\$	1.11	\$	1.44
Weighted average common shares		80,173		81,819		80,472		81,824
Weighted average common shares-assuming dilution		80,897		83,591		81,643		83,717

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

#### MANPOWER INC. AND SUBSIDIARIES

##### Supplemental Systemwide Information (Unaudited) (in thousands)

	3 Months Ended September 30,		9 Months Ended September 30,	
	1998	1997	1998	1997
Systemwide Sales	\$2,834,201	\$2,429,096	\$7,672,460	\$6,485,692

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

#### MANPOWER INC. AND SUBSIDIARIES

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

	9 Months Ended September 30,	
	1998	1997
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net earnings	90,784	120,182
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Depreciation and amortization	39,740	30,144
Deferred income taxes	4,874	(7,083)
Provision for doubtful accounts	10,510	10,661
Changes in operating assets and liabilities:		
Accounts receivable	(408,437)	(427,108)
Other assets	(1,549)	(10,276)
Other liabilities	238,483	253,417
Cash used by operating activities	(25,595)	(30,063)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital expenditures	(103,072)	(62,378)
Proceeds from the sale of property and equipment	1,282	1,156
Acquisitions of businesses, net of cash acquired	(30,011)	--
Cash used by investing activities	(131,801)	(61,222)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Net change in payable to banks	63,095	65,307
Proceeds from long-term debt	98,721	71,903
Repayment of long-term debt	(1,337)	(2,085)
Dividends paid	(7,263)	(6,549)
Repurchase of common stock	(36,572)	(53,998)

Cash provided by financing activities	116,644	74,578
Effect of exchange rate changes on cash	6,933	(6,811)
Net change in cash and cash equivalents	(33,819)	(23,518)
Cash and cash equivalents, beginning of period	142,246	180,553
Cash and cash equivalents, end of period	\$ 108,427	\$ 157,035

SUPPLEMENTAL CASH FLOW INFORMATION:

Interest paid	\$ 5,493	\$ 7,389
Income taxes paid	\$ 26,181	\$ 60,082

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, 1998 and 1997  
(in thousands, except per share data)

(1) Basis of Presentation

Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission, although the Company believes that the disclosures are adequate to make the information presented not misleading. These consolidated financial statements should be read in conjunction with the consolidated financial statements included in the Company's latest annual report on Form 10-K for the year ended December 31, 1997.

(2) Accounting Policies

During the first quarter of 1998, the Company adopted Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income." This statement establishes standards for the reporting and display of comprehensive income and its components. Comprehensive income is the total of net earnings and all other nonowner changes in stockholders' equity. Total comprehensive income is as follows:

	3 Months Ended		9 Months Ended	
	September 30,		September 30,	
	1998	1997	1998	1997
Net earnings	\$ 42,922	\$ 52,691	\$ 90,784	\$ 120,182
Change in cumulative translation adjustments	31,213	(4,235)	25,284	(52,163)
Total comprehensive income	\$ 74,135	\$ 48,456	\$116,068	\$ 68,019

In March of 1998 the American Institute of Certified Public Accountants issued Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." This statement is effective for the Company beginning in 1999 and is not expected to have a material impact on the Consolidated Financial Statements.

In June of 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative

Instruments and Hedging Activities." This statement establishes accounting and reporting standards requiring that every derivative instrument be recorded on the balance sheet as either an asset or liability measured at its fair value. The statement requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met, in which case, the gains or losses would offset the related results of the hedged item. This statement is effective for the Company beginning in 2000, but may be adopted earlier. The Company has not yet determined the timing or method of adoption or quantified the impact of adopting this statement. While the statement could increase volatility in earnings and other comprehensive income, it is not expected to have a material impact on the Consolidated Financial Statements due to the Company's limited use of derivative instruments.

### (3) Interest Rate Swap

In January of 1998, the Company entered into an interest rate swap agreement, expiring in 2001, to fix the interest rate at 6.0% on \$50,000 of the Company's borrowings under the revolving credit agreement. This swap agreement had an immaterial impact on the recorded interest expense during the first nine months of 1998. As of September 30, 1998, the variable interest rate under the revolving credit agreement was 5.8%.

### (4) Operational Results

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.

### (5) Earnings Per Share

During 1997 the Company adopted SFAS No. 128, "Earnings per Share." As a result, the Company's reported earnings per share for 1997 have been restated. The calculation of net earnings per share and net earnings per share - assuming dilution are as follows:

	3 Months Ended September 30,		9 Months Ended September 30,	
	1998	1997	1998	1997
Net earnings per share:				
Net earnings available to common shareholders	\$ 42,922	\$ 52,691	\$ 90,784	\$120,182
Weighted average common shares outstanding	80,173	81,819	80,472	81,824
	\$ .54	\$ .64	\$ 1.13	\$ 1.47
Net earnings per share - assuming dilution:				
Net earnings available to common shareholders	\$ 42,922	\$ 52,691	\$ 90,784	\$120,182
Weighted average common shares outstanding	80,173	81,819	80,472	81,824
Effect of dilutive stock options	724	1,772	1,171	1,893
	80,897	83,591	81,643	83,717
	\$ .53	\$ .63	\$ 1.11	\$ 1.44

### (6) Income Taxes

The Company has provided income taxes for the nine month period ended September 30, 1998 at a rate of 35.5%, which is equal to the estimated annual effective

tax rate based on the currently available information. This rate is higher than the effective tax rate for 1997 of 34.2% due to the increase in the corporate income tax rate in France in 1997, from 36.6% to 41.6%, and the reduced benefit from the utilization of net operating loss carryforwards.

(7) Business Segment Data by Geographical Segment

Geographical segment information is as follows:

	3 Months Ended September 30, 1998		9 Months Ended September 30, 1998	
	1997	1997	1997	1997
Revenues from services:				
United States (a)	\$ 558,466	\$ 523,023	\$1,596,038	\$1,470,829
France	1,030,525	773,947	2,652,598	1,951,744
United Kingdom	286,319	254,149	789,026	728,137
Other Europe	309,648	221,447	802,693	607,630
Other Countries	192,792	200,454	546,364	527,898
	\$2,377,750	\$1,973,020	\$6,386,719	\$5,286,238
Earnings before income taxes:				
United States	\$ 20,839	\$ 26,064	\$ 56,383	\$ 67,846
France	24,164	32,611	54,380	63,629
United Kingdom	14,149	13,088	27,133	27,844
Other Europe	18,462	11,082	31,889	27,611
Other Countries	3,735	10,699	16,353	25,476
Other Corporate	(10,640)	(9,632)	(33,731)	(26,018)
Expenses				
Operating Profit	70,709	83,912	152,407	186,388
Interest & Other	(4,162)	(1,119)	(11,658)	(2,875)
Income (Expense)	\$ 66,547	\$ 82,793	\$ 140,749	\$ 183,513

(a) Total systemwide sales in the United States, which includes sales of Company-owned branches and franchises, was \$931,741 and \$875,061 for the three months ended September 30, 1998 and 1997, and \$2,657,941 and \$2,458,325 for the nine months ended September 30, 1998 and 1997, respectively.

During 1997, the Financial Accounting Standards Board issued SFAS No. 131, "Disclosure About Segments of an Enterprise and Related Information." This Statement will be adopted by the Company as of December 31, 1998 and is not expected to significantly change the current segment reporting.

(8) Acquisition of Businesses

During 1998, the Company acquired certain franchises and unrelated companies. The Company also made a final payment related to the 1996 acquisition of A Teamwork Sverige AB in Sweden. The total consideration paid during 1998 for these acquisitions was approximately \$31,000, the majority of which was recorded as intangible assets and is included in Other assets in the Consolidated Balance Sheets.

(9) Subsequent Events

On October 22, 1998, the Company's Board of Directors authorized an additional ten million shares for repurchase under the Company's share repurchase program. Stock repurchases may be made from time to time and may be implemented through a variety of methods, including open market purchases, block transactions, privately negotiated transactions,

accelerated share repurchase programs, forward repurchase agreements or similar facilities. This additional authorization increases the total shares that may be

repurchased to fifteen million shares. As of September 30, 1998, the Company had repurchased approximately four million shares under the previous authorization.

The Company's Board of Directors also declared a cash dividend of \$.10 per share which is payable on December 14, 1998 to shareholders of record on December 3, 1998.

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

### Operating Results - Three Months Ended September 30, 1998 and 1997

Revenues increased 20.5% to \$2,377.8 million for the third quarter of 1998. Volume, as measured by billable hours of branch operations, increased 16.3% in the quarter. All of the Company's major markets experienced revenue increases, including the United States (6.8%), France (29.3% in French Francs) and Manpower-United Kingdom (10.9% in Pounds Sterling).

Cost of services, which consists of payroll and related expenses of temporary workers, increased as a percentage of revenues to 83.3% in the third quarter of 1998 from 82.2% in the third quarter of 1997. In certain of the Company's European markets, government employment incentive programs are in place to encourage employment by providing a credit against payroll taxes otherwise payable. In France, legislation was enacted in late 1997 that reduced the amount of such payroll tax credits beginning in January of 1998. This reduction is the primary reason for the increased cost of services in 1998.

Selling and administrative expenses increased to 13.8% of revenues, from 13.5% of revenues in the third quarter of 1997. This increase is due to significant investment in new markets, primarily in Europe, and infrastructure enhancements in many of the Company's major markets.

Interest and other expense was \$4.2 million in the third quarter of 1998 compared to \$1.1 million in the third quarter of 1997. This increase is due to a \$2.7 million increase in net interest expense and a \$.5 million increase in translation losses. Net interest expense increased in the quarter as a result of higher borrowing levels to finance the share repurchase program, acquisitions and the Company's investment in new markets. The increase in translation losses is due primarily to losses recognized on the translation of the net monetary assets of operations in highly inflationary economies.

The Company provided income taxes at a rate of 35.5% during the third quarter of 1998, equal to the estimated annual effective tax rate for 1998. This rate is slightly higher than the annual effective tax rate for 1997 due to the increase in the French corporate income tax rate (see Note 6 to Consolidated Financial Statements) and the reduced benefit from the utilization of net operating loss carryforwards.

On a diluted basis, net earnings per share was \$.53 in the third quarter of 1998, compared to \$.63 per share



in the third quarter of 1997. The weighted average shares, assuming dilution, decreased by 2.7 million shares for the quarter due to the shares that were repurchased under the Company's share repurchase program and a smaller effect of dilutive stock options (see Note 5 to the Consolidated Financial Statements) because of the lower average share price during the quarter.

Operating Results - Nine Months Ended September 30, 1998 and 1997

Revenues increased 20.8% to \$6,386.7 million for the first nine months of 1998. Revenues were unfavorably impacted by changes in currency exchange rates during the nine months due to the strengthening of the U.S. Dollar relative to the currencies in most of the Company's non-U.S. markets. At constant exchange rates, the increase in revenues would have been 23.8%. Volume, as measured by billable hours of branch operations, increased 17.2% in the nine month period. All of the Company's major

markets experienced revenue increases, including the United States (8.5%), France (39.2% in French Francs) and Manpower-United Kingdom (7.2% in Pounds Sterling).

Cost of services increased as a percentage of revenues to 83.0% in the first nine months of 1998 from 82.1% in the first nine months of 1997. As mentioned above, the primary reason for the increased cost of services in 1998 is the reduction of payroll tax credits in France.

Selling and administrative expenses increased to 14.6% of revenues during the first nine months of 1998 from 14.4% of revenues during the first nine months of 1997. This increase is primarily due to significant investment in new markets, primarily in Europe, and headquarters costs and infrastructure enhancements in many of the Company's major markets.

Interest and other expense was \$11.7 million in the first nine months of 1998 compared to \$2.9 million in the first nine months of 1997. This increase is due to a \$5.4 million increase in net interest expense and a \$2.8 million increase in translation losses. Net interest expense increased in the period as a result of higher borrowing levels to finance the share repurchase program, acquisitions and the Company's investment in new markets. The increase in translation losses is due primarily to losses recognized on the translation of the net monetary assets of operations in highly inflationary economies.

The Company provided income taxes at a rate of 35.5% during the first nine months of 1998, equal to the estimated annual effective tax rate for 1998. This rate is slightly higher than the annual effective tax rate for 1997 due to the increase in the French corporate income tax rate (see Note 6 to Consolidated Financial Statements) and the reduced benefit from the utilization of net operating loss carryforwards.

On a diluted basis, net earnings per share was \$1.11 in the first nine months of 1998, compared to \$1.44 per share in the first nine months of 1997. The 1998 earnings were unfavorably impacted \$.08 per share due to the lower currency exchange rates in the first nine months of 1998 compared to the first nine months of 1997 and \$.02 per share due to the increase in the effective tax rate discussed above. The weighted average shares, assuming dilution, decreased 2.1

million for the nine month period due to the shares repurchased under the Company's share repurchase program and a smaller effect of dilutive stock options (see Note 5 to the Consolidated Financial Statements) because of the lower average share price during the period.

#### Liquidity and Capital Resources

Cash used by operating activities was \$25.6 million in the first nine months of 1998 compared to \$30.1 million in the first nine months of 1997. This decrease in cash used reflects the decrease in working capital requirements between periods, due to the lower revenue growth rates in many of the Company's major markets. Working capital requirements were \$171.5 million in the first nine months of 1998 compared to \$184.0 million in the first nine months of 1997. Cash provided by operating activities before the changes in working capital requirements was \$145.9 million in the first nine months of 1998 compared to \$153.9 million in the first nine months of 1997, reflecting the lower earnings levels.

Capital expenditures were \$103.1 million in the first nine months of 1998 compared to \$62.4 million during the first nine months of 1997. These expenditures include capitalized software of \$32.7 million and \$27.1 million in the first nine months of 1998 and 1997, respectively. The balance is comprised of purchases of computer equipment, office furniture and other costs related to office openings and refurbishments.

During the first nine months of 1998, the Company acquired certain franchises and unrelated companies. The Company also made a final payment related to the 1996 acquisition of A Teamwork Sverige AB in Sweden. The total consideration paid during 1998 for these acquisitions was approximately \$31,000, the majority of which was recorded as intangible assets.

Net cash provided from additional borrowings was \$160.5 million and \$135.1 million in the first nine months of 1998 and 1997, respectively. The additional borrowings in 1998 were primarily used to support the working capital growth, investment in new markets, capital expenditures, acquisitions and repurchase of the Company's common stock. The additional borrowings in 1997 were primarily used to support the working capital growth and the repurchase of the Company's common stock. The Company repurchased common stock during the first nine months of 1998 and 1997 at a cost of \$36.6 million and \$54.8 million, respectively.

Accounts receivable increased to \$1,914.3 million at September 30, 1998 from \$1,437.4 million at December 31, 1997. Of this increase, \$58.4 million is due to the change in exchange rates during the first nine months of 1998. The remaining increase is primarily due to the revenue growth in France and many of the Company's other major markets.

As of September 30, 1998, the Company had borrowings of \$204.1 million and letters of credit of \$52.0 million outstanding under its \$415 million U.S. revolving credit facility, and borrowings of \$71.7 million outstanding under its U.S. commercial paper program. The commercial paper borrowings have been classified as long-term debt due to the availability to refinance them on a long-term basis under the revolving credit facility.

The Company and some of its foreign subsidiaries

maintain separate lines of credit with foreign financial institutions to meet short-term working capital needs. As of September 30, 1998, such lines totaled \$174.4 million, of which \$32.1 million was unused.

In October, the Company's Board of Directors authorized an additional ten million shares for repurchase under the Company's share repurchase program. Stock repurchases may be made from time to time and may be implemented through a variety of methods, including open market purchases, block transactions, privately negotiated transactions, accelerated share repurchase programs, forward repurchase agreements or similar facilities. This additional authorization increases the total shares that may be repurchased to fifteen million shares. As of September 30, 1998, the Company had repurchased approximately four million shares under the previous authorization.

The Company's Board of Directors also declared a cash dividend of \$.10 per share which is payable on December 14, 1998 to shareholders of record on December 3, 1998.

#### Information Technology

Much of the software currently used by the Company will require modification to properly process data after December 31, 1999 (the 'Year 2000 Issues'). In all significant locations where the Company operates, assessments have been done to determine what modifications will be required. In addition, detailed plans and timetables have been developed to complete and test the necessary remediation. The Company expects to have the majority of all remediation and testing completed prior to June 30, 1999. The Company is also in the process of converting and upgrading many of its internal information systems to meet changing customer requirements. The Company presently believes that with these conversions and upgrades, and the remediation efforts to existing systems, all significant Year 2000 Issues will be addressed. To date, the Company has used both internal and external resources for the assessment, remediation and testing of its systems. As of September 30, 1998, approximately \$2.5 million has been expensed related to this assessment and remediation. The total expense is estimated to be \$7 million to \$12 million. These costs are not expected to have a material impact on the Company's financial position, results of operations or cash flows. The Company is also in the process of contacting significant vendors and large customers to determine the extent to which the Company is vulnerable to those third parties' potential failure to remediate their own systems to address Year 2000 Issues. While the Company does not

anticipate any such problems, failure by other companies or governmental entities to remediate their systems on a timely basis could have a material adverse effect on the Company. The Company is currently evaluating the reasonably likely worst case scenario if its information technology and non-information technology systems do not function as a result of Year 2000 Issues. The Company is also in the process of evaluating and developing contingency plans for Year 2000 risks.

On January 1, 1999, eleven of the fifteen member countries of the European Union (the "participating countries") are scheduled to establish fixed conversion rates between their existing sovereign currencies (the "legacy currencies") and the euro. The participating

countries have agreed to adopt the euro as their common legal currency on that date. Following introduction of the euro, the legacy currencies are scheduled to remain legal tender in the participating countries as denominations of the euro between January 1, 1999 and January 1, 2002 (the "transition period"). During the transition period, public and private parties may pay for goods and services using either the euro or the participating country's legacy currency. The Company is currently assessing the impact of the euro in its business operations in all participating countries. Since the Company's labor costs and prices are generally determined on a local basis, the near-term impact of the euro is expected to be related to meeting customer invoicing requirements and making internal information systems modifications. Such modifications relate to converting currency values and to operating in a dual currency environment during the transition period. Modifications of internal information systems will occur throughout the transition period and will be coordinated with other system-related upgrades and enhancements. The Company will expense all such system modification costs as incurred and does not expect such costs to be material to the Company's financial results.

The Company has made significant investments in information technology systems (both hardware and software) in the last several years in order to keep pace with the rapid growth of the business and to service larger and more complex customer arrangements. The Company is currently engaged in the development of new proprietary information systems for branch office administration, invoicing and payroll. These systems are in the process of being developed and are in the early stages of implementation and deployment. As of September 30, 1998, the Company had capitalized approximately \$77 million in software development costs which is included in Other assets in the Consolidated Balance Sheets. As with any complex system design and implementation effort, there are various risks and uncertainties, including whether such systems will meet performance expectations and whether they can be implemented on schedule. The Company regularly reviews the carrying value of all capitalized software and, under applicable accounting guidelines, is required to recognize a loss if the unamortized balance is considered unrealizable. The Company has determined that no such adjustment is currently required.

#### Forward-Looking Statements

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

These forward-looking statements speak only as of the date on which they are made. They rely on a number of assumptions concerning future events and are subject to a number of risks and uncertainties, many of which are

outside of the Company's control, that could cause actual results to differ materially from such statements. These risks and uncertainties include, but are not limited to:

- material changes in the demand from larger customers, including customers with which the Company has national or global arrangements
- availability of temporary workers or increases in the wages paid to these workers
- competitive market pressures, including pricing pressures
- ability to successfully invest in and implement information systems
- unanticipated technological changes, including obsolescence or impairment of information systems
- changes in customer attitudes toward the use of staffing services
- government or regulatory policies adverse to the employment services industry
- general economic conditions in international markets
- interest rate and exchange rate fluctuations

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

Item 3 - Quantitative and Qualitative Disclosures About Market Risk

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

PART II - OTHER INFORMATION

Item 6 - Exhibits and Reports on Form 8-K

- (a) Exhibits
  - 27 Financial Data Schedule
- (b) Reports on Form 8-K - None

SIGNATURES

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

MANPOWER INC.  
(Registrant)

Date: November 12, 1998      /s/ Michael J. Van Handel  
-----  
Michael J. Van Handel  
Senior Vice President

Chief Financial  
Officer, Treasurer and  
Secretary  
(Signing on behalf of  
the Registrant)

<ARTICLE>	5
<LEGEND>	THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS OF THE REGISTRANT FOR THE NINE MONTHS ENDED SEPTEMBER 30, 1998 AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.
<MULTIPLIER>	1,000
<PERIOD-TYPE>	9-MOS
<FISCAL-YEAR-END>	DEC-31-1998
<PERIOD-END>	SEP-30-1998
<CASH>	108,427
<SECURITIES>	0
<RECEIVABLES>	1,914,286
<ALLOWANCES>	41,998
<INVENTORY>	0
<CURRENT-ASSETS>	2,123,294
<PP&E>	385,576
<DEPRECIATION>	213,575
<TOTAL-ASSETS>	2,581,988
<CURRENT-LIABILITIES>	1,355,412
<BONDS>	284,004
<PREFERRED-MANDATORY>	0
<PREFERRED>	0
<COMMON>	832
<OTHER-SE>	698,554
<TOTAL-LIABILITY-AND-EQUITY>	2,581,988
<SALES>	0
<TOTAL-REVENUES>	6,386,719
<CGS>	0
<TOTAL-COSTS>	5,300,874
<OTHER-EXPENSES>	0
<LOSS-PROVISION>	10,510
<INTEREST-EXPENSE>	13,171
<INCOME-PRETAX>	140,749
<INCOME-TAX>	49,965
<INCOME-CONTINUING>	90,784
<DISCONTINUED>	0
<EXTRAORDINARY>	0
<CHANGES>	0
<NET-INCOME>	90,784
<EPS-PRIMARY>	1.13
<EPS-DILUTED>	1.11