MONSTER WORLDWIDE INC
Form 10-Q
December 26, 2006

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2006

OR

o **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 000-21571

MONSTER WORLDWIDE, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE	**13-3906555**
(STATE OR OTHER JURISDICTION OF INCORPORATION OR ORGANIZATION)	(IRS EMPLOYER IDENTIFICATION NUMBER)

622 Third Avenue, New York, New York 10017
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

(212) 351-7000
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

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 ý No o

Indicate by checkmark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer ý Accelerated Filer o Non-Accelerated Filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). o Yes ý No

Indicate the number of shares outstanding of each of the issuer's class of common stock as of December 19, 2006, the latest practicable date.

Class	Outstanding on December 19, 2006
Common Stock	123,722,925
Class B Common Stock	4,762,000

EXPLANATORY NOTE

In this Form 10-Q for the quarter ended September 30, 2006, Monster Worldwide, Inc. ("Monster Worldwide" or the "Company") is restating its consolidated financial statements as of and for the three and nine months ended September 30, 2005. The Company is restating its consolidated financial statements to reflect additional non-cash stock based compensation costs and related income tax effects, relating to stock option awards that were granted during the periods 1997 through March 31, 2003.

On June 12, 2006, the Company announced that a committee of independent directors of the Board of Directors (the "Special Committee") assisted by independent legal counsel and outside accounting experts was conducting an independent investigation to review the Company's historical stock option grant practices and related accounting. The Special Committee and its advisors conducted an extensive review of the Company's historical stock option grants and related accounting, including an assessment and review of the Company's accounting policies, internal records, supporting documentation and e-mail communications, as well as interviews with current and former employees and current and former members of the Company's executive management and Board of Directors.

On July 26, 2006, the Company announced that although the Special Committee investigation had not yet reached a conclusion, the Company cautioned shareholders and the investing public against relying on previously published financial statements. On October 25, 2006, the Company announced that its Audit Committee, after consultation with senior management, the Special Committee and the Company's independent registered public accounting firm, determined that the consolidated financial statements and related financial information contained in its Annual Reports on Form 10-K through December 31, 2005 should no longer be relied upon. Accordingly, since 2005 information was impacted as a result of the findings of the Special Committee, the Company did not timely file its Form 10-Q for the quarter ended September 30, 2006, primarily due to the unavailability of reliable financial information for the 2005 periods. This Quarterly Report accurately reflects prior period results. The Company's consolidated financial statements for the quarter ended September 30, 2006 on this Form 10-Q should only be read in conjunction with the Company's Form 10-K/A. See Note 2 of our consolidated financial statements included in this Form 10-Q for further discussion.

The Special Committee has determined that the exercise price of a substantial number of stock option grants during the periods between 1997 through March 31, 2003 differed from the fair market value of the underlying shares on the measurement date. In most cases, the original date assigned to the grant corresponded to the date as of which a unanimous written consent ("UWC") was executed by the members of the Compensation Committee of the Company's Board of Directors, but the date of that consent did not correspond to the actual date on which the identities of the individual optionees and the number of shares underlying each option was determined. In a significant number of instances, the stock price on the assigned date was lower, sometimes substantially lower, than the price on the date the award may be deemed to have actually been determined. The Company believes that the dates as of which the UWC's were dated were earlier than the dates on which they were actually executed. In a significant number of instances, the stock price on the assigned date (the date as of which the UWC was executed) was lower, sometimes substantially lower, than the price on the date the award may be deemed to have actually been determined. The Company believes that this practice was done intentionally, by persons formerly in positions of responsibility at the Company for the purpose of issuing options at a higher intrinsic value than would have otherwise been the case.

Restatement Methodology

Historically, the Company has generally accounted for stock option grants as if the options were granted at an exercise price no less than fair market value as indicated by the closing price of a share of the Company's common stock trading on the NASDAQ National Market on either the "as of" date reflected on the relevant UWC of the Compensation Committee of the Board of Directors or the date of minutes of

an actual Compensation Committee meeting ("Minutes"). A majority of stock options granted during the period under review were granted pursuant to UWC's. The UWC's, by their terms, typically referred to an attached Schedule A listing the specific names of the grantees and the number of shares subject to each option. The UWC's that have been located by the Company, however, either have no Schedule A annexed to them, or where one is attached, it frequently does not match the Company's electronic stock option database.

The Company has therefore concluded that neither the "as of" dates referenced on Compensation Committee UWCs nor the dates of Minutes can be relied on as proper option grant measurement dates. The Company has been unable to ascertain with any degree of certainty when, if ever, UWC's or Minutes with full, complete and final Schedule A's were reviewed and approved by the Compensation Committee.

In light thereof, the Company has concluded that the most appropriate and accurate source of data to determine option grant measurement dates is the electronic record of option grant information resident in its electronic stock option database program known as Transcentive, which went into use in late 1998. The entry into Transcentive of the specific grantee information as to each stock option grant constituted an acknowledgement by the Company to the grantee of the grantee's legal entitlement to the grant and, in the absence of authoritative information as to when grants were actually approved by the Company provides an appropriate measurement date framework based on entitlement. For option grants made subsequent to the implementation of Transcentive, the Company has calculated the restated intrinsic value using a grant measurement date based on when the option data was entered into the database program (the "Creation Date"). For options granted prior to the implementation of Transcentive, the new measurement date was determined by applying the average lag time between the "as of" date and the Creation Date for options granted subsequent to the implementation of Transcentive to the originally utilized measurement date in order to approximate a reliable measurement date. The average lag period between the date as of which UWC's were executed and the date that options purportedly granted by such consents were inputted into the Company's Transcentive system was ninety-seven days. For grants prior to December 1998, the Company has therefore used measurement dates equating to ninety-seven days following the date as of which the UWC relating to such options were executed.

Given the volatility of the Company's common stock, the use of another measurement date could have resulted in a substantially higher or lower cumulative compensation expense. This in turn would have caused net income or loss to be different than amounts reported in the restated consolidated financial statements.

Findings

Based on the findings of the Special Committee, management of the Company has concluded that the Company's consolidated financial statements as of and for the three and nine months ended September 30, 2005 should be restated to record additional non-cash stock based compensation expenses and related income tax effects resulting from the stock option review. As of December 31, 2005, the Company had accelerated substantially all unvested outstanding stock options in order to mitigate compensation expense that would have been required upon the effectiveness of SFAS 123R beginning January 1, 2006. Accordingly, the 2006 periods will not be materially effected as a result of this restatement.

The restatement of the Company's previously issued financial statements reflects the following:

(a) the recognition of non-cash stock based compensation expense and related income tax effects related to stock options affected by the grant dating issues; and

(b) adjustments to previously recognized income tax benefits as a result of certain stock options that were granted to certain of the Company's executive officers with exercise prices that were less than the fair market value of the Company's common stock on the actual date of grant and,

therefore, did not qualify as deductible performance-based compensation in accordance with Internal Revenue Code section 162(m) ("IRC 162(m)").

The Company has notified the Internal Revenue Service of the stock option review. Under Section 162(m), stock options that are in-the-money at the time of grant do not qualify as performance-based compensation. The Company is not entitled to a deduction for the compensation expense related to the exercise of those options held by officers who are covered by IRC 162(m).

In connection with the restatement, the Company has recorded cumulative non-cash stock based compensation of $339.6 million through December 31, 2005, offset by a cumulative income tax benefit of $67.7 million, totaling $271.9 million on an after-tax basis. The table below reflects the impacts of the restatement adjustments discussed above on the Company's consolidated statements of operations for the periods presented below:

Category of adjustments: (in thousands)	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2005	Cumulative (January 1, 1997 through December 31, 2005)
Stock option grant date changes continuing operations[(a)]	$ 6,601	$ 11,460	$ 174,705
Stock option grant date changes discontinued operations	6	835	164,881
Pre-tax stock option expense adjustments	**6,607**	**12,295**	**339,586**
Income tax impact on grant date changes continuing operations	(1,851)	(3,167)	(46,454)
Income tax impact on grant date changes discontinued operations	(1)	(206)	(26,002)
Income tax adjustments related to IRC 162(m) resulting from adjustments due to grant date changes continuing operations			4,800
Income tax benefit	**(1,852)**	**(3,373)**	**(67,656)**
Total adjustments to net income (loss)	**$ 4,755**	**$ 8,922**	**$ 271,930**

(a) Non-cash stock based compensation expenses in continuing operations have been recorded as adjustments to the "Salaries and related" line item in our consolidated statements of operations.

The Company's Form 10-Q for the quarter ended June 30, 2006 as well as Form 10-Q/A for the quarter ended March 31, 2006 and the Company's Form 10-K/A for the year ended December 31, 2005 were filed concurrently on December 13, 2006. With the filing of this Quarterly Report on Form 10-Q for the quarter ended September 30, 2006, the Company is now current with all periodic reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934.

As a result of the failure by Monster Worldwide to file quarterly reports on a timely basis, the Company is no longer eligible to use Form S-3 to register its securities with the Securities and Exchange Commission until all required reports under the Securities Exchange Act of 1934 have been timely filed for the 12 months prior to the filing of the registration statement for those securities.

On October 6, 2006, Andrew J. McKelvey resigned from his positions as Chairman of the Board and Chief Executive Officer. The Board of Directors of the Company named William M. Pastore, the Company's then President and Chief Operating Officer as its Chief Executive Officer and as a director. On that date, the Board of Directors established an Executive Committee consisting of Salvatore Iannuzzi, Chair, John Gaulding and Ronald Kramer to act for the Board of Directors in overseeing the Company's affairs and to perform the functions of the Chairman. Mr. McKelvey kept his seat on the Board of Directors and was named Chairman Emeritus. On October 29, 2006, Andrew J. McKelvey resigned as a member of the Board

of Directors and as Chairman Emeritus. Mr. McKelvey and his legal counsel have advised the Special Committee of the Board of Directors that Mr. McKelvey had declined to be interviewed by the Special Committee on the previously agreed date and that Mr. McKelvey would not provide assurance he would appear at a later date.

Following Mr. McKelvey's resignation and at the direction of management and the Board of Directors, the Company's internal audit department and outside counsel examined certain transactions between the Company and Mr. McKelvey or entities or individuals affiliated with him. Mr. McKelvey has reimbursed the Company approximately $533,000 for certain expenses paid by the Company during the periods 1996 through 2006. The Company continues to seek reimbursement, plus interest, on certain other items.

On November 22, 2006, the Company's Board of Directors, with concurrence from the Special Committee, announced that it had terminated for cause Myron Olesnyckyj, the Company's former Senior Vice-President, General Counsel and Secretary. Mr. Olesnyckyj was suspended from his position on September 19, 2006. The action was a result of the Special Committee's review of the Company's historical stock option grant practices.

The Company's Board of Directors and senior management believe that the practices discussed related to the granting of options during the periods 1997 through March 31, 2003 are contrary to the high ethical standards they believe should apply to all of the Company's business practices.

Although the investigation is substantially complete, the Special Committee continues to analyze the facts disclosed by its investigation in order to make comprehensive recommendations to the Board regarding remedial steps, and is in the process of determining what remedial recommendations it will make. It expects to make those recommendations in the first quarter of 2007.

MONSTER WORLDWIDE, INC.
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(All other items on this report are inapplicable)

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

MONSTER WORLDWIDE, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)
(unaudited)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005 (As restated)	2006	2005 (As restated)
Revenue	**$ 285,855**	**$ 206,834**	**$ 818,060**	**$ 594,459**
Salaries and related	106,838	88,961	297,253	244,114
Office and general	51,113	36,977	141,685	111,338
Marketing and promotion	68,077	46,074	207,088	141,088
Total operating expenses	226,028	172,012	646,026	496,540
Operating income	**59,827**	**34,822**	**172,034**	**97,919**
Interest and other, net	5,012	684	12,082	1,026
Income from continuing operations before income taxes and equity interest	64,839	35,506	184,116	98,945
Income taxes	22,692	13,015	65,180	35,613
Losses in equity interest	(2,054)	(641)	(5,579)	(1,217)
Income from continuing operations	**40,093**	**21,850**	**113,357**	**62,115**
Income (loss) from discontinued operations, net of tax	(123,910)	4,216	(115,295)	(70)
Net income (loss)	**$ (83,817)**	**$ 26,066**	**$ (1,938)**	**$ 62,045**
Basic earnings (loss) per share:				
Earnings per share from continuing operations	$ 0.31	$ 0.18	$ 0.89	$ 0.51
Income (loss) per share from discontinued operations, net of tax	(0.96)	0.03	(0.90)	
Basic earnings (loss) per share*	**$ (0.65)**	**$ 0.21**	**$ (0.02)**	**$ 0.51**
Diluted earnings (loss) per share:				

	Three Months Ended September 30,		Nine Months Ended September 30,	
Earnings per share from continuing operations	$ 0.31	$ 0.18	$ 0.86	$ 0.50
Income (loss) per share from discontinued operations, net of tax	(0.95)	0.03	(0.88)	
Diluted earnings (loss) per share*	**$ (0.64)**	**$ 0.21**	**$ (0.01)**	**$ 0.50**

* - Basic and diluted earnings (loss) per share may not add in certain periods due to rounding.

Weighted average shares outstanding:				
Basic	128,484	122,128	127,938	121,283
Diluted	130,827	124,757	131,224	123,798

See accompanying notes.

MONSTER WORLDWIDE, INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except per share amounts)
(unaudited)

	September 30, 2006	December 31, 2005 (As restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 62,788	$ 196,597
Available-for-sale securities	506,285	123,747
Accounts receivable, net of allowance for doubtful accounts of $11,135 and $11,049	324,507	258,848
Prepaid and other	77,937	54,651
Current assets of discontinued operations		139,215
Total current assets	**971,517**	**773,058**
Property and equipment, net	94,150	80,977
Goodwill	570,272	521,717
Intangibles, net	53,067	55,602
Investment in unconsolidated affiliate	61,142	46,758
Other assets	49,156	29,755
Non-current assets of discontinued operations		170,848
Total assets	**$ 1,799,304**	**$ 1,678,715**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 48,014	$ 37,062
Accrued expenses and other current liabilities	223,143	162,999
Income taxes payable	79,093	49,403
Deferred revenue	346,706	327,429
Current portion of long-term debt	18,507	31,378
Current liabilities of discontinued operations		97,674
Total current liabilities	**715,463**	**705,945**
Long-term debt, less current portion	2,152	15,678
Deferred income taxes	33,086	22,374
Other long-term liabilities	1,368	1,241
Long-term liabilities of discontinued operations		137
Total liabilities	**752,069**	**745,375**
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, $.001 par value, authorized 800 shares; issued and outstanding: none		
	126	122

	September 30, 2006	December 31, 2005
Common stock $.001 par value, authorized 1,500,000 shares; issued: 125,645 and 121,830 shares, respectively; outstanding: 123,723 and 120,703 shares, respectively		
Class B common stock, $.001 par value, authorized 39,000 shares; issued and outstanding: 4,762 shares	5	5
Additional paid-in capital	1,632,246	1,548,936
Accumulated other comprehensive income	68,034	35,515
Retained deficit	(653,176)	(651,238)
Total stockholders' equity	**1,047,235**	**933,340**
Total liabilities and stockholders' equity	**$ 1,799,304**	**$ 1,678,715**

See accompanying notes.

MONSTER WORLDWIDE, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)
(unaudited)

	Nine Months Ended September 30,	
	2006	**2005**
		(As restated)
Cash flows provided by operating activities:		
Net income (loss)	**$ (1,938)**	**$ 62,045**
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Loss from discontinued operations, net of tax	115,295	70
Depreciation and amortization	30,015	24,300
Provision for doubtful accounts	6,505	6,640
Tax benefit on stock based compensation	17,340	376
Excess tax benefit on stock option exercises	(17,054)	
Non-cash compensation	8,395	13,980
Common stock issued for matching contribution to 401(k) plan	1,854	2,840
Deferred income taxes	8,514	15,064
Minority interests and other	5,575	1,012
Changes in assets and liabilities, net of business combinations:		
Accounts receivable	(48,522)	(6,382)
Prepaid and other	(24,282)	(9,179)
Deferred revenue	19,116	12,419
Accounts payable, accrued liabilities and other	81,273	42,989
Net cash provided by (used for) operating activities of discontinued operations	21,836	(5,553)
Total adjustments	225,860	98,576
Net cash provided by operating activities	**223,922**	**160,621**
Cash flows used for investing activities:		
Capital expenditures	(38,368)	(20,708)
Purchase of marketable securities	(1,348,466)	
Sales and maturities of marketable securities	965,928	
Payments for acquisitions and intangible assets, net of cash acquired	(48,598)	(51,570)
Investment in unconsolidated affiliate	(19,936)	(50,137)
Sale of long-term investment and other		2,003
Net proceeds from sale of businesses	69,155	49,091
Cash funded to equity investee	(7,200)	
Net cash used for investing activities of discontinued operations	(2,924)	(4,280)
Net cash used for investing activities	**(430,409)**	**(75,601)**
Cash flows provided by financing activities:		
Payments on capital lease obligations	(493)	(2,137)
Proceeds from exercise of employee stock options	91,225	37,709
Excess tax benefits on stock option exercises	17,054	
Repurchase of common stock	(14,416)	(1,398)
Structured stock repurchase	(22,758)	
Net cash provided by financing activities	**70,612**	**34,174**

	Nine Months Ended September 30,	
Effects of exchange rates on cash	2,066	(3,596)
Net increase (decrease) in cash and cash equivalents	(133,809)	115,598
Cash and cash equivalents, beginning of period	196,597	198,111
Cash and cash equivalents, end of period	**$ 62,788**	**$ 313,709**
Supplemental disclosures of cash flow information:		
Cash paid for interest	$ 2,177	$ 2,575
Cash paid for income taxes	$ 7,751	$ 2,463
Non-cash financing and investing activities:		
Common stock issued in connection with business combinations	$ 1,164	$
Liabilities created in connection with business combinations	$ 4,556	$ 10,236

See accompanying notes.

MONSTER WORLDWIDE, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
(dollars in thousands, except per share amounts)
(unaudited)

1. DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Description of Business

Monster Worldwide, Inc. (the "Company") has continuing operations that consist of three reportable segments: Monster Careers North America; Monster Careers International; and Internet Advertising and Fees. These segments provide online services to customers in a variety of industries throughout North America, Europe and the Asia-Pacific region.

Monster Careers. The Company's Monster Careers segments (both North America and International) predominantly earn revenue from the placement of job postings on the websites within the Monster network, access to the Company's resume databases and other career-related services. The Company's Monster Careers segments operate globally.

Internet Advertising and Fees. The Company's Internet Advertising and Fees segment earns revenue from the display of advertisements on the Monster network of websites, click-throughs on text-based links, leads provided to advertisers and subscriptions to premium services. Among the larger components of this segment are the Company's Military.com, Fastweb, Tickle and MonsterTrak businesses. Prior to the first quarter of 2006, these operations were managed and reported by the Company's "Monster" segment, therefore prior period segment disclosures have been restated to conform to the current operating structure. Revenue from this segment is primarily earned in the United States.

Basis of Presentation

The consolidated interim financial statements included herein are unaudited and have been prepared by the Company pursuant to the rules and regulations of the Securities and Exchange Commission. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States have been omitted pursuant to such rules and regulations, although the Company believes that the disclosures are adequate to make the information presented not misleading. The consolidated interim financial statements include the accounts of the Company and all of its wholly-owned and majority-owned subsidiaries. All significant inter-company accounts and transactions have been eliminated in consolidation.

These statements reflect all normal recurring adjustments that, in the opinion of management, are necessary for fair presentation of the information contained herein. These consolidated interim financial statements should be read in conjunction with the financial statements and notes thereto included in the Company's Annual Report on Form 10-K/A for the year ended December 31, 2005. The Company adheres to the same accounting policies in preparation of interim financial statements. As permitted under generally accepted accounting principles, interim accounting for certain expenses, including income taxes are based on full year assumptions. Such amounts are expensed in full in the year incurred. For interim financial reporting purposes, income taxes are recorded based upon estimated annual income tax rates.

2. RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS

On June 12, 2006, the Company announced that a committee of independent directors of the Board of Directors (the "Special Committee") assisted by independent legal counsel and outside accounting experts was conducting an independent investigation to review the Company's historical stock option grant practices and related accounting. The Special Committee and its advisors conducted an extensive review of the Company's historical stock option grants and related accounting, including an assessment and review of

the Company's accounting policies, internal records, supporting documentation and e-mail communications, as well as interviews with current and former employees and current and former members of the Company's executive management and Board of Directors.

On July 26, 2006, the Company announced that although the Special Committee investigation had not yet reached a conclusion, the Company cautioned shareholders and the investing public against relying on previously published financial statements. On October 25, 2006, the Company announced that its Audit Committee, after consultation with senior management, the Special Committee and the Company's independent registered public accounting firm, determined that the consolidated financial statements and related financial information contained in its Annual Reports on Form 10-K through December 31, 2005 should no longer be relied upon. Accordingly, since 2005 information was impacted as a result of the findings of the Special Committee, the Company did not timely file its Form 10-Q for the quarter ended September 30, 2006, primarily due to the unavailability of reliable financial information for the 2005 periods. This Quarterly Report accurately reflects prior period results. The Company's consolidated financial statements for the quarter ended September 30, 2006 on this Form 10-Q should only be read in conjunction with the Company's Form 10-K/A.

The Special Committee has determined that the exercise price of a substantial number of stock option grants during the periods between 1997 through March 31, 2003 differed from the fair market value of the underlying shares on the measurement date. In most cases, the original date assigned to the grant corresponded to the date as of which a unanimous written consent ("UWC") was executed by the members of the compensation committee of the Company's Board of Directors, but the date of that consent did not correspond to the actual date on which each individual optionee and the number of shares underlying each option was determined. The Company believes that the dates as of which the UWC's were dated were earlier than the dates on which they were actually executed. In a significant number of instances, the stock price on the assigned date (the date as of which the UWC was executed) was lower, sometimes substantially lower, than the price on the date the award may be deemed to have actually been determined. The Company believes that this practice was done intentionally, by persons formerly in positions of responsibility at the Company for the purpose of issuing options at a higher intrinsic value than would have otherwise been the case.

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The Company has therefore concluded that neither the "as of" dates referenced on Compensation Committee UWCs nor the dates of Minutes can be relied on as proper option grant measurement dates. The Company has been unable to ascertain with any degree of certainty when, if ever, UWC's or Minutes with full, complete and final Schedule A's were reviewed and approved by the Compensation Committee.

In light thereof, the Company has concluded that the most appropriate and accurate source of data to determine option grant measurement dates is the electronic record of option grant information in its electronic stock option database program known as Transcentive, which went into use in late 1998. The entry into Transcentive of the specific grantee information as to each stock option grant constituted an

acknowledgement by the Company to the grantee of the grantee's legal entitlement to the grant and, in the absence of authoritative information as to when grants were actually approved by the Company provides an appropriate measurement date framework based on entitlement. For option grants made subsequent to the implementation of Transcentive, the Company has calculated the restated intrinsic value using a grant measurement date based on when the option data was entered into the database program (the "Creation Date"). For options granted prior to the implementation of Transcentive, the new measurement date was determined by applying the average lag time between the "as of" date and the Creation Date for options granted subsequent to the implementation of Transcentive to the original option grant date in order to approximate a reliable measurement date. The average lag period between the date as of which UWC's were executed and the date that options purportedly granted by such consents were inputted into the Company's Transcentive system was ninety-seven days. For grants prior to December 1998, the Company has therefore used measurement dates equating to ninety-seven days following the date as of which the UWC relating to such options were executed.

Given the volatility of the Company's common stock, the use of another measurement date could have resulted in a substantially higher or lower cumulative compensation expense. This in turn would have caused net income or loss to be different than amounts reported in the restated consolidated financial statements.

Findings

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The restatement of the Company's previously issued financial statements reflects the following:

(a) the recognition of non-cash compensation expense and related income tax effects related to stock options affected by the grant dating issues; and

(b) adjustments to previously recognized income tax benefits as a result of certain stock options that were granted to certain of the Company's executive officers with exercise prices that were less than the fair market value of the Company's common stock on the actual date of grant and, therefore, did not qualify as deductible performance-based compensation in accordance with Internal Revenue Code section 162(m) ("IRC 162(m)").

These restated consolidated financial statements include cumulative compensation expense, net of income taxes, of $271,930 through December 31, 2005, which is recorded as an adjustment to opening retained deficit as of December 31, 2005 included in the accompanying consolidated balance sheet. The following

table reflects the impact of the adjustments on the Company's continuing and discontinued operations in the Company's consolidated statements of operations for the periods presented below:

Category of adjustments: (in thousands)	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2005	Cumulative (January 1, 1997 through December 31, 2005)
Stock option grant date changes continuing operations[(a)]	$ 6,601	**$ 11,460**	**$ 174,705**
Stock option grant date changes discontinued operations	6	**835**	**164,881**
Pre-tax stock option expense adjustments	**6,607**	**12,295**	**339,586**
Income tax impact on grant date changes continuing operations	(1,851)	**(3,167)**	**(46,454)**
Income tax impact on grant date changes discontinued operations	(1)	**(206)**	**(26,002)**
Income tax adjustments related to IRC 162(m) resulting from adjustments due to grant date changes continuing operations			**4,800**
Income tax benefit	**(1,852)**	**(3,373)**	**(67,656)**
Total adjustments to net income (loss)	**$ 4,755**	**$ 8,922**	**$ 271,930**

(a) Non-cash stock based compensation expenses in continuing operations have been recorded as adjustments to the "Salaries and related" line item in our consolidated statements of operations.

The Company's consolidated statements of operations for the three and nine months ended September 30, 2005, as reported in the Company's Form 10-K/A include the impact of the non-cash stock based compensation expenses and related income tax adjustments resulting from the Special Committee's investigation. The statements of operations for those periods included in this Quarterly Report are different from the Form 10-K/A due to dispositions that occurred during the first nine months of 2006. See Note 8 for further discussion of the Company's 2006 divestitures.

3. EARNINGS PER SHARE AND STOCK-BASED COMPENSATION

Earnings Per Share

Basic earnings per share does not include the effects of potentially dilutive stock options and restricted stock awards, and is computed by dividing income available to common shareholders by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects, in periods in which they have a dilutive effect, commitments to issue common stock and common stock issuable upon exercise of stock options for periods in which the options' exercise price is lower than the Company's average share price for the period.

A reconciliation of shares used in calculating basic and diluted earnings per common and Class B common share follows. Certain stock options and stock issuable under employee compensation plans were excluded from the computation of earnings per share due to their anti-dilutive effect. The weighted average number of such common stock equivalents is approximately 1,858,000 and 5,214,000 for the three months ended September 30, 2006 and 2005, respectively and 711,000 and 6,218,000 for the nine months ended September 30, 2006 and 2005, respectively. The Company reported income from continuing operations for

the three and nine months ended September 30, 2006. As a result, certain stock options have a dilutive effect during this period.

	Three Months Ended September 30,		Nine Months Ended September 30,	
(thousands of shares)	**2006**	**2005**	**2006**	**2005**
Basic weighted average shares outstanding	128,484	122,128	127,938	121,283
Effect of common stock equivalents stock options and stock issuable under employee compensation plans	2,343	2,629	3,286	2,515
Diluted weighted average shares outstanding	130,827	124,757	131,224	123,798

Impact of the Adoption of SFAS 123R

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 123(R) *Share Based Payment*("SFAS 123R") using the modified-prospective-transition method beginning January 1, 2006. Under that transition method, results for prior periods have not been restated and stock compensation costs recognized during the three month and nine month periods ended September 30, 2006 includes: (a) compensation cost for all share based payments granted, but not yet vested as of January 1, 2006, based on the grant-date fair value estimated in accordance with SFAS No. 123 *Accounting for Stock-Based Compensation*, and (b) compensation cost for all share-based payments granted subsequent to January 1, 2006, based on the grant date fair value in accordance with the provisions of SFAS 123R. SFAS 123R also requires excess tax benefits from the exercise of stock options to be presented in the consolidated statements of cash flows as a financing activity rather than an operating activity, as presented prior to the adoption of SFAS 123R. Excess tax benefits are realized benefits from tax deductions for exercised options in excess of the deferred tax asset attributable to stock based compensation costs for such options. The total income tax benefit recognized in the statement of operations for stock-based compensation costs was $286 for the nine months ended September 30, 2006. The Company did not have any stock-based compensation costs capitalized as part of an asset. The Company has granted stock options and awarded non-vested stock to employees, directors and executive officers.

At September 30, 2006, the Company has the following stock-based employee compensation plans:

Employee Stock Options. The Company recognized approximately $148 of pre-tax compensation expense in the consolidated statement of operations related to employee stock options for the nine months ended September 30, 2006. The fair value of these options was estimated on the grant date using the Black-Scholes option-pricing model. The Company does not anticipate recognizing any material compensation expense associated with employee stock options in future periods. As of January 1, 2006, substantially all of the Company's employee stock options were vested and the Company has not granted any stock options subsequent to January 1, 2006.

Executive Stock Bonus Arrangements. The Company, from time to time, enters into separate share-based payment arrangements with executive officers and directors. The terms of such agreements are subject to various specified performance and vesting conditions. As of September 30, 2006, there were approximately 427,809 non-vested shares outstanding related to executive agreements with varying exercise prices. The Company measured the equity awards using the fair market value of the Company's common stock on the date the award was approved by the Compensation Committee of the Board of Directors. These awards are amortized on a straight-line basis over the vesting period. The Company recognized pre-tax compensation expense, as a component of salaries and related in the consolidated statements of operations, related to stock bonus arrangements with executive officers of approximately $1,305 and $540 for the three months ended September 30, 2006 and 2005, respectively and $4,000 and $2,042 for the nine months ended September 30, 2006 and 2005, respectively.

2006 Restricted Stock Unit Plan. On March 27, 2006, the Compensation Committee of the Board of Directors met and approved the grant of 663,500 restricted stock units to approximately 350 employees of the Company ("2006 RSU Plan"). The amounts of restricted stock units awarded are subject to reduction or elimination based on whether or not certain specified performance-based conditions are satisfied. If the optimal performance-based condition becomes satisfied, the maximum number of restricted stock units will vest in 25% increments on each of March 5, 2007, March 5, 2008, March 5, 2009 and March 5, 2010, provided that the recipient is continuously employed by the Company or any of its affiliates on each applicable vesting date. The Company measured the equity award using the fair market value of the Company's common stock on March 27, 2006, which was $48.58 and is amortizing the award on a straight-line basis over the vesting period. During the second quarter of 2006, the Compensation Committee met and approved the grant of 17,800 restricted stock units to employees of the Company. The Company recorded the equity award at $44.64, which was the closing stock price on the date of approval. For the three and nine months ended September 30, 2006, the Company recorded approximately $1,638 and $4,247, respectively, of pre-tax compensation expense, as a component of salaries and related in the consolidated statements of operations, related to the 2006 RSU Plan.

Share-based Payment Activity

The following table summarizes the activity of our employee stock options for the nine months ended September 30, 2006:

(thousands of shares)	Shares	Weighted Average Exercise Price	Weighted Average Contractual Term (in years)	Aggregate Intrinsic Value
Outstanding at January 1, 2006	13,673	$ 27.94		
Granted				
Exercised	(3,677)	24.81		
Forfeited/expired/cancelled	(209)	32.85		
Outstanding at September 30, 2006	9,787	28.96	5.3	$ 70,741
Options exerciseable at September 30, 2006[(a)]	6,186	$ 28.65	4.4	$ 46,634

(a) Options exercisable as of September 30, 2006 can not be exercised due to the suspension of the Company's Forms S-8.

The aggregate intrinsic value is calculated as the difference between the market price of our common stock as of September 30, 2006 and the exercise price of the underlying options. During the nine months ended September 30, 2006 and 2005, the aggregate intrinsic value of options exercised was $92,405 and $23,936, respectively. The Company did not grant any options during the nine months ended September 30, 2006; however, the weighted average grant date fair value of options granted during the nine months ended September 30, 2005 period was $28.96.

The following table summarizes the activity of our non-vested stock for the nine months ended September 30, 2006:

	Shares	Weighted Average Fair Value at Grant Date
Non-vested at January 1, 2006	241,309	$ 29.64
Granted 2006 RSU Plan	681,300	48.48
Granted Executive Bonus Agreements	257,500	45.73
Forfieted	(82,300)	45.39
Vested	(66,000)	35.44
Non-vested at September 30, 2006	1,031,809	$ 44.24

As of September 30, 2006 there was approximately $25,140 and $11,852 of unrecognized compensation cost related to the Company's 2006 RSU Plan and executive stock bonus agreements, respectively. These performance-based awards relate to non-vested stock and are being amortized over the vesting periods on a straight-line basis.

Prior to the Adoption of SFAS 123R

Prior to the adoption of SFAS 123R, the Company provided the disclosures required under SFAS 123, as amended by SFAS No. 148, *Accounting for Stock-Based Compensation Transition and Disclosure,* which requires disclosure of the pro forma effects of stock option expense on net income and earnings per share. The Company's prior period financial statements accounted for the issuance of employee stock options using Accounting Principles Board ("APB") Opinion No. 25 ("APB 25"), *Accounting for Stock Issued to Employees* and related interpretations. Under APB 25, generally, no compensation expense was recognized in connection with the awarding of stock option grants to employees provided that, as of the grant date, all terms associated with the award are fixed and the quoted market price of the stock is equal to or less than the amount an employee must pay to acquire the stock as defined. The pro forma effects of stock-based compensation on net income and net income per share in the 2005 period have been estimated at the date of grant using the Black-Scholes option-pricing model based on the following weighted average assumptions:

	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2005
Risk-free interest rate	4.1%	4.1%
Volatility	42.7%	42.7%
Expected life (years)	4.3	4.3

For purposes of pro forma disclosures, the estimated fair value of the options is assumed to be expensed over the options' vesting periods. The following table illustrates the effect of the restatement adjustments

and pro forma effects of recognizing compensation expense under the fair value method of accounting on the Company's operating results and per share data as follows:

	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2005
	(As restated)	(As restated)
Net income as restated	$ 26,066	$ 62,045
Add: Stock based employee compensation expense included in reported net income, net of tax[(a)]	5,106	10,249
Deduct: Compensation expense determined under fair value based method for stock options, net of tax[(a)]	(7,237)	(53,108)
Pro forma net income, as restated	$ 23,935	$ 19,186
Basic earnings per share:		
Net income as restated	$ 0.21	$ 0.51
Net income pro forma, as restated	0.20	0.16
Diluted earnings per share:		
Net income as restated	$ 0.21	$ 0.50
Net income pro forma, as restated	0.19	0.15

(a) Includes adjustments to reflect the impact of the stock option investigation as discussed in Note 2.

Stock Option Accelerations

During the year ended December 31, 2005, the Company accelerated the vesting date of substantially all of its unvested, outstanding stock option awards in order to avoid recognizing compensation expense in the consolidated statement of operations in the Company's financial statements subsequent to the effectiveness of SFAS 123R on January 1, 2006. As a result of the accelerations, the Company has eliminated approximately $23,494 of compensation expense that would have been recognized from January 1, 2006 through 2008.

On December 28, 2004, the Company granted approximately 2,800,000 options to executives and employees. Such options vested over the five-month period ending on May 31, 2005 and the vested options generally become exercisable in four annual installments commencing December 28, 2005.

Included in pro-forma compensation expense for the nine months ended September 30, 2005 is approximately $19,175, respectively, net of tax, resulting from accelerated vesting that occurred during the nine months ended September 30, 2005. In addition, the pro-forma compensation expense for the nine months ended September 30, 2005 includes approximately $25,098, respectively, net of tax, related to the vesting of the December 28, 2004 grant.

4. BUSINESS COMBINATIONS

For the period January 1, 2005 through September 30, 2006, the Company completed three business combinations. Although none of the following acquired businesses was considered to be a significant subsidiary, either individually or in the aggregate, they do affect the comparability of results from period to period. The acquisitions and the acquisition dates are as follows:

Acquired Business	Acquisition Date	Business Segment
Emailjob.com SAS	February 11, 2005	Monster Careers International
JobKorea	October 14, 2005	Monster Careers International

Acquired Business	Acquisition Date	Business Segment
PWP, LLC ("Education.org")	May 2, 2006	Internet Advertising and Fees

Accrued Integration and Restructuring Costs

The Company has formulated integration and restructuring plans to eliminate redundant facilities, personnel and duplicate assets in connection with its business combinations. These costs were recognized as liabilities assumed in connection with the Company's business combinations. Accordingly, these costs are considered part of the purchase price of the business combinations and have been recorded as increases to goodwill. During the nine months ended September 30, 2006, the Company charged $1,340 to goodwill relating entirely to the Company's acquisition of Emailjob.com and reversed $333 of previously capitalized costs related to acquisitions in the Internet Advertising and Fees segment.

Changes in the Company's approved restructuring plans or costs related to new restructuring initiatives may be recorded in goodwill for up to one year following the acquisition date and must be recorded in the Company's operating results thereafter. Reductions to integration and restructuring reserves established in connection with purchase business combinations are recorded as a reduction to goodwill. As of September 30, 2006 and December 31, 2005, the Company had accrued $6,317 and $7,703, respectively, for integration and restructuring obligations, mainly relating to future operating lease payments.

5. INVESTMENT IN UNCONSOLIDATED AFFILIATE

In February 2005, the Company acquired a 40% interest in ChinaHR.com Holdings Ltd. ("ChinaHR") for consideration of $50,000 in cash. In February 2006, the Company increased its ownership interest in ChinaHR to 44.4% by acquiring an additional 4.4% interest from ChinaHR shareholders, for cash consideration of $19,936. The Company accounts for its investment in ChinaHR using the equity method of accounting, thereby recording its owned percentage of ChinaHR's net results of operations as "Losses in Equity Interest" in the Company's statement of operations. Such losses reduce the carrying value of the Company's investment in ChinaHR.

In March 2006, the Company entered into a credit facility with ChinaHR, whereby the Company has agreed to advance ChinaHR up to an aggregate of $20,000, with no more than $10,000 being advanced in the first year of the agreement. Interest on the loans will be assessed at the LIBOR rate plus 1% and shall be payable on a quarterly basis, in arrears. The credit facility provides that any advances shall be due and payable in full on the maturity date, which is the earliest of March 2011 or the consummation of an initial public offering of securities by the ChinaHR. As of September 30, 2006, the Company has advanced $7,200 to ChinaHR under the credit facility.

ChinaHR is a leading recruitment website in China and provides online recruiting, campus recruiting and other human resource solutions. As a result of its investment, the Company has the right to occupy three of seven seats on ChinaHR's Board of Directors. In addition, the Company also has certain rights and obligations, the amount and likelihood of which are not currently determinable, to acquire a 51% or more interest in ChinaHR in the event of an initial public offering or by February 1, 2008, whichever comes first.

6. COMPREHENSIVE INCOME (LOSS)

The Company's comprehensive income (loss) is as follows:

	Three Months ended September 30,		Nine Months ended September 30,	
	2006	2005	2006	2005
		(As restated)		(As restated)
Net income (loss)	$ (83,817)	$ 26,066	$ (1,938)	$ 62,045
Foreign currency translation adjustment and other	3,610	(529)	32,516	(58,286)
Comprehensive income (loss)	$ (80,207)	$ 25,537	$ 30,578	$ 3,759

7. STOCKHOLDERS' EQUITY

Share Repurchase Program

In November 2005, the Board of Directors authorized the Company to purchase up to $100 million of its shares of common stock in the open market or otherwise from time to time over a 30-month period as conditions warrant. Through September 30, 2006, the Company has repurchased 994,584 shares of its common stock for an aggregate purchase price of $45,081, of which, 294,584 shares were purchased in open market transactions during the nine months ended September 30, 2006 for $14,416.

Structured Stock Repurchase

In March 2006, the Company entered into a $22,758 structured stock repurchase transaction. In June 2006, the Company repurchased 500,000 shares upon maturity of the structured stock agreement. The structured stock repurchase was executed under the Company's authorized repurchase program.

8. DISCONTINUED OPERATIONS

During the nine months ended September 30, 2006, the Company disposed of the following businesses that collectively comprised its entire Advertising & Communications operating segment. The Company executed these transactions in order to focus more resources to support the growth of the Monster franchise on a global basis. The results of operations of these businesses and the associated disposal costs are reflected as discontinued operations in the consolidated statements of operations for the three and nine months ended September 30, 2006:

On August 31, 2006, the Company sold its TMP Worldwide Advertising & Communications business in the United States and Canada, completing the global divestiture of the operating unit. The Company received cash of $36,205 (net of working capital and other adjustments). The Company recorded a pre-tax loss on the sale of the business of $125,010 ($123,095 after-tax loss, net of a $1,915 tax benefit). Included in the pre-tax loss is approximately $133,000 of remaining goodwill and other intangible assets associated with the Advertising & Communications operating segment. This disposition is considered material and included a significant amount of assets, primarily due to the amount of goodwill on the balance sheet as of August 31, 2006.

On May 10, 2006, the Company sold its TMP Worldwide Advertising & Communications businesses in the United Kingdom and Ireland. In a separate transaction, the Company also sold its recruitment advertising agency in Spain. The Company received cash of $32,950 (net of working capital and other adjustments) and a $9,000 interest bearing note receivable maturing on May 10, 2013. The Company recorded a pre-tax gain on the sale of these businesses of $543 ($812 after-tax loss, net of a $1,355 tax expense), included as a component of discontinued operations in the statements of operations. The disposition was not considered material and did not include a significant amount of assets.

On March 1, 2006, the Company sold its TMP Worldwide Advertising & Communications businesses in Australia/New Zealand and Singapore in two separate transactions. The Company recognized a pre-tax gain on the sale of these businesses of $2,453 ($5,420 including the tax benefit recognized upon disposition) in the first quarter of 2006. The disposition was not considered material and did not include a significant amount of assets.

During the year ended December 31, 2005, the Company disposed of the following businesses that collectively comprised substantially all of its Directional Marketing operating segment. The results of

operations of these businesses and the associated disposal costs are reflected as discontinued operations in the consolidated statements of operations for the three and nine months ended September 30, 2005:

On June 1, 2005, the Company sold substantially all of its Directional Marketing division to a private equity firm for net cash consideration of $49,586 ($80 million purchase price less working capital and other adjustments and $2,500 of cash placed in escrow for an 18 month period following the disposition date) and a $7,000, 3% promissory note due to the Company after 7 years. The sale included the Company's Yellow Pages business in North America and Japan along with its online relocation business. The Company recognized a loss on sale of these businesses of $10,729 ($1,803 net of tax benefits) in the second quarter of 2005. In the third quarter of 2005, the Company returned cash consideration of $657 upon final determination of working capital sold in connection with the disposition. The sale of the Directional Marketing business did not include the Company's Directional Marketing operations in the United Kingdom. The Company's European Advertising & Communications management continued to operate that business, and accordingly, those results were reclassified to our Advertising & Communications operating segment.

On May 2, 2005, the Company sold its TMP Direct business unit, an order fulfillment business, formerly part of the Company's Directional Marketing segment. The business was purchased by GECKO Inc., an entity owned 65% by George Eisele, a director of Monster Worldwide, for $2,500 cash paid at closing plus an amount equal to 50% of TMP Direct's working capital as of the closing date payable on May 2, 2006. George Eisele and another individual shareholder of GECKO Inc. personally guaranteed the May 2, 2006 payment obligation of GECKO Inc. The Company received $500 in the second quarter of 2006 in connection with this obligation. The sale was not considered material and did not include a significant amount of assets. The Company recognized a pre-tax and after tax loss on sale of this business of $551 in the second quarter of 2005.

The following amounts relate to the assets and liabilities of the Company's disposed businesses and have been segregated from continuing operations and are reported as assets and liabilities of discontinued operations in the consolidated balance sheet as of December 31, 2005:

	12/31/2005
Assets of discontinued operations	
Accounts receivable, net	$ 133,591
Property & equipment, net	12,375
Goodwill and intangible assets, net	158,359
Other	5,738
Total assets of discontinued operations	$ 310,063
Liabilities of discontinued operations	
Accounts payable	$ 62,985
Accrued expenses and other liabilities	34,826
Total liabilities of discontinued operations	$ 97,811

The following amounts primarily related to our dispositions in 2006 and 2005 have been segregated from continuing operations and are reflected as discontinued operations in each period's consolidated statement of operations:

	Three Months ended September 30,		Nine Months ended September 30,	
	2006	2005 (As restated)	2006	2005 (As restated)
Revenue	$ 12,139	$ 42,454	$ 74,793	$ 149,263
Income before income taxes	$ 207	$ 6,290	$ 6,824	$ 3,333
Income tax expense	72	2,074	2,801	1,049
Gain from discontinued operations, net of tax	135	4,216	4,023	2,284
Pre-tax loss on sale of discontinued operations	(126,382)		(123,203)	(11,280)
Income tax benefit	(2,337)		(3,885)	(8,926)
Loss on sale of business, net of tax	(124,045)		(119,318)	(2,354)
Income (loss) from discontinued operations, net of tax	$ (123,910)	$ 4,216	$ (115,295)	$ (70)

Included in the income (loss) from discontinued operations, net of tax calculation is the impact of the stock option adjustments discussed in Note 2. The Company recorded $5 and $629 for the three and nine months ended September 30, 2005, respectively, of non-cash stock based compensation costs, net of tax, as a component of discontinued operations, which directly relate to stock options that were awarded to individuals who were employed by the businesses discussed above that were disposed. As of September 30, 2006, the Company had liabilities of $16,891 related to disposed businesses in the 2006 period on the accompanying consolidated balance sheet. These payables primarily relate to operating lease obligations and other contractual obligations retained by the Company following the disposition of these businesses.

9. SEGMENT AND GEOGRAPHIC DATA

As of January 1, 2006, the Company changed the composition of its reportable segments to reflect changes in its internal management and reporting structure. The prior period segment information contained below has been restated to reflect the Company's new operating structure. The Company conducts business in three reportable segments: Monster Careers North America; Monster Careers International; and Internet Advertising and Fees. Corporate operating expenses are not allocated to the Company's reportable segments. See Note 1 for a description of our revised operating segments.

In March 2006, the Compensation Committee of the Board of Directors approved the 2006 RSU Plan. Accordingly, the Company has recorded $1,638 and $4,247 of pre-tax compensation expense in the Company's statements of operations for the three and nine months ended September 30, 2006, respectively. The Company's chief operating decision maker includes these expenses when measuring the results of each reportable segment in the 2006 periods.

Corporate operating expenses for the three and nine month periods ended September 30, 2005 include the impact of the non-cash stock based compensation costs of $6,601 and $11,460, respectively, in connection with the investigation into the Company's historical stock option grant practices and related accounting. The Company's Monster Careers North America, Monster Careers International, Internet Advertising and Fees and Advertising and Communications' business units' results have not changed.

The following tables present the Company's operations by business segment and by geographic region:

Revenue	Three Months ended September 30, 2006	Three Months ended September 30, 2005	Nine Months ended September 30, 2006	Nine Months ended September 30, 2005
Monster:				
Careers North America	$ 166,910	$ 134,094	$ 489,724	$ 383,802
Careers International	77,382	44,837	216,347	131,934
Internet Advertising and Fees	41,563	27,903	111,989	78,723
Total Revenue	**$ 285,855**	**$ 206,834**	**$ 818,060**	**$ 594,459**

Operating Income (loss)	Three Months ended September 30, 2006	Three Months ended September 30, 2005 (As restated)	Nine Months ended September 30, 2006	Nine Months ended September 30, 2005 (As restated)
Monster:				
Careers North America	$ 57,193	$ 46,735	$ 167,349	$ 125,120
Careers International	4,997	(2,367)	7,765	(7,562)
Internet Advertising and Fees	11,843	8,407	33,892	23,569
Total Monster	74,033	52,775	209,006	141,127
Corporate expenses[a]	(14,206)	(17,953)	(36,972)	(43,208)
Operating Income	**$ 59,827**	**$ 34,822**	**$ 172,034**	**$ 97,919**

Revenue by Geographic Region	Three Months ended September 30, 2006	Three Months ended September 30, 2005	Nine Months ended September 30, 2006	Nine Months ended September 30, 2005
United States	$ 203,472	$ 159,688	$ 591,020	$ 457,200
Europe	66,003	41,443	184,023	123,053
Other[b]	16,380	5,703	43,017	14,206
Total Revenue	**$ 285,855**	**$ 206,834**	**$ 818,060**	**$ 594,459**

The following table reconciles each reportable segment's assets to total assets reported on the Company's consolidated balance sheets as of September 30, 2006 and December 31, 2005:

Total Assets by Segment	September 30, 2006	December 31, 2005 (As restated)
Monster Careers North America	$ 574,023	$ 530,882
Monster Careers International	441,473	312,897
Internet Advertising and Fees	184,291	151,827
Corporate	534,228	325,409
Shared assets[c]	65,289	47,637
Assets of discontinued operations		310,063

Total Assets by Segment	September 30, 2006	December 31, 2005
Total Assets	**$ 1,799,304**	**$ 1,678,715**

(a)

Corporate operating expenses include $6,601 and $11,460 of non-cash stock based compensation as a result of the stock option adjustments for the three and nine months ended September 30, 2005, respectively, as discussed in Note 2.

(b)

Includes Canada and the Asia-Pacific region.

(c)

Shared assets represent assets that provide economic benefit to all of the Company's operating segments. Shared assets are not allocated to operating segments for internal reporting or decision-making purposes.

10. SUBSEQUENT EVENTS

In March 2006, the Company entered into a credit facility with ChinaHR, whereby the Company has agreed to advance ChinaHR up to an aggregate of $20,000, with no more than $10,000 being advanced in the first year of the agreement. Interest on the loans will be assessed at the LIBOR rate plus 1% and shall be payable on a quarterly basis, in arrears. The credit facility provides that any advances shall be due and payable in full on the maturity date, which is the earliest of March 2011 or the consummation of an initial public offering of securities by the ChinaHR. As of September 30, 2006, the Company has advanced $7,200 to ChinaHR under the credit facility. In the fourth quarter of 2006, the Company advanced an additional $2,800 to ChinaHR under the credit facility.

On August 31, 2006, the Company sold its TMP Worldwide Advertising & Communications business in the United States and Canada, completing the global divestiture of the operating unit. The Company received cash of $36,205 (net of working capital and other adjustments). In the fourth quarter of 2006, the Company returned cash consideration of $3,460 upon final determination of working capital sold in connection with this disposition.

On June 1, 2005, the Company sold substantially all of its Directional Marketing division to a private equity firm for net cash consideration of $49,586 ($80 million purchase price less working capital and other adjustments and $2,500 of cash placed in escrow for an 18 month period following the disposition date) and a $7,000, 3% promissory note due to the Company after 7 years. In the fourth quarter of 2006, the Company received principal and accrued interest of $7,289 relating to the early payoff of the promissory note discussed above. As a result, the Company will record a gain of approximately $1,200 as a component of other income included in non-operating income / expense in its consolidated statements of operations in the fourth quarter of 2006.

Stock Option Investigation

As described in Note 2, the Company announced on June 12, 2006 that a Special Committee was established to conduct an independent investigation into the Company's historical stock option grant practices and related accounting. The Special Committee was being assisted by independent legal counsel and outside accounting experts. As a result of their review, it was determined that the exercise price of a substantial number of stock option grants during the periods between 1997 through March 31, 2003 differed from the fair market value of the underlying shares on the recorded measurement date.

On October 6, 2006, Andrew J. McKelvey resigned from his positions as Chairman of the Board and Chief Executive Officer. The Board of Directors of the Company named William M. Pastore, the Company's then President and Chief Operating Officer as its Chief Executive Officer and as a director. On that date, the Board of Directors established an Executive Committee consisting of Salvatore Iannuzzi, Chair, John Gaulding and Ronald Kramer to act for the Board of Directors in overseeing the Company's affairs and to perform the functions of the Chairman. Mr. McKelvey kept his seat on the Board of Directors and was named Chairman Emeritus.

On October 25, 2006 as a result of the stock option grant review, the Company announced that it expected to restate its previously filed financial statements for the years 1997-2005. Based on results of the investigation to date, the Company's Board of Directors concluded that the Company's previously issued financial statements and other historical financial information and related disclosures relating to periods through December 31, 2005 should not be relied upon.

On October 29, 2006, Andrew J. McKelvey resigned as a member of the Board of Directors and as Chairman Emeritus. Mr. McKelvey and his legal counsel have advised the Special Committee of the Board of Directors that Mr. McKelvey had declined to be interviewed by the Special Committee on the previously agreed date and that Mr. McKelvey would not provide assurance he would appear at a later date.

Following Mr. McKelvey's resignation and at the direction of management and the Board of Directors, the Company's internal audit department and outside counsel examined certain transactions between the Company and Mr. McKelvey or entities or individuals affiliated with him. Mr. McKelvey has reimbursed the Company approximately $533 for certain expenses paid by the Company during the periods 1996 through 2006. The Company continues to seek reimbursement, plus interest, on certain other items.

On November 22, 2006, the Company's Board of Directors, with concurrence from the Special Committee, announced that it has terminated for cause Myron Olesnyckyj, the Company's former Senior Vice-President, General Counsel and Secretary. Mr. Olesnyckyj was suspended from his position on September 19, 2006. The action was a result of the Special Committee's review of the Company's historical stock option grant practices.

The Company has incurred significant expenses in 2006 for legal, tax, accounting and other professional services in connection with the stock option investigation, preparation of restated consolidated financial statements, stock option related litigation and government investigations. The Company expects to continue to incur substantial costs in 2007 in connection with these matters.

Stock Option Regulatory Proceedings and Litigation

Both the United States Attorneys Office ("USAO") and the United States Securities and Exchange Commission ("SEC") have informed the Company that each is conducting an investigation into the Company's past stock option grants. In connection therewith, the Company has received a grand jury subpoena from the United States District Court for the Southern District of New York and requests for the voluntary production of documents from the SEC. The Company is cooperating fully with both the USAO and the SEC.

In October 2006, a putative class action litigation was filed in the United States District Court for the Southern District of New York by a former Company employee against the Company and a number of its current and former officers and directors. The action purports to be brought on behalf of all participants in the Company's 401(k) plan. The complaint alleges that the defendants breached their fiduciary obligations to plan participants under §§ 404, 405, 409 and 502 of the Employee Retirement Income Security Act ("ERISA"), 29 U.S.C. § 1104 et seq., by allowing Plan participants to purchase and to hold and maintain Company stock in their Plan accounts without disclosing to those Plan participants the historical stock option practices. The complaint seeks, among other relief, equitable restitution, attorney's fees and an order enjoining defendants from violations of ERISA.

In addition, derivative actions in connection with historical stock option practices have been commenced by shareholders purportedly on behalf of the Company in both the United States District Court for the Southern District of New York and in the Supreme Court of the State of New York, New York County, against a number of current and former officers and directors of the Company, naming the Company as a nominal defendant.

On October 20, 2006, the three federal court actions were consolidated by the Court and styled as *In re Monster Worldwide, Inc. Stock Option Derivative Litigation*, Master Docket 1:06:cv-04622 (S.D.N.Y.)(NRB-DCF) (Consolidated Action). It is expected that the plaintiffs in the consolidated federal actions will file a consolidated amended complaint on or about December 19, 2006. The current federal complaints assert claims for breach of fiduciary duty, gross mismanagement, unjust enrichment, and violations of Sections 10(b) and 14(a) of the Securities Exchange Act of 1934 (the "Exchange Act") for the period between January 1, 1997 and the present. The federal court plaintiffs seek, among other relief, an indeterminate amount of damages from the individual defendants.

On September 18, 2006, the three purported derivative actions that were filed in the Supreme Court of the State of New York, New York County, were also consolidated. The consolidated actions have been styled as *In re Monster Worldwide Inc. Derivative Litigation*, Index. No. 06-108700 (Supreme, N.Y. County). On or

about December 1, 2006, the plaintiffs in the consolidated state court actions filed a consolidated amended complaint asserting claims for breach of fiduciary duty and related state law causes of action. The state court plaintiffs seek, among other relief, an indeterminate amount of damages from the individual defendants.

The Company has received correspondence from, or on behalf of, certain former employees who are the grantees of certain vested stock options that were scheduled to expire or be forfeited unless exercised within the last several months. In light of the current suspension of the Company's S-8 and the resulting prohibition on the exercise of any stock options, said individuals were precluded from exercising such options prior to their expiration date. The former employees have informed the Company that they will seek to hold the Company liable for any financial damages suffered as a result of their inability to exercise the options during the suspension period. During the suspension period approximately 230,000 vested stock options expired that likely would have been exercised by the former employees if not for the suspension period. On December 21, 2006, the Board of Directors approved a cash payment of approximately $5.0 million, including associated payroll taxes, to certain former employees as compensation for their expired options.

The Company may become subject to additional private or government actions. The expense of defending such litigation may be significant. In addition, an unfavorable outcome in such litigation could have a material adverse effect on the Company's business and results of operations. The Company may also be obligated under the terms of its by-laws to advance litigation costs for directors and officers named in litigation relating to their roles at the Company.

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
Monster Worldwide, Inc.
New York, New York

We have reviewed the consolidated balance sheet of Monster Worldwide, Inc. as of September 30, 2006, and the related consolidated statements of operations for the three-month and nine-month periods ended September 30, 2006 and 2005, and cash flows for the nine-month periods ended September 30, 2006 and 2005 included in the accompanying Securities and Exchange Commission Form 10-Q for the period ended September 30, 2006. These interim financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with accounting principles generally accepted in the United States of America.

As Discussed in Note 2, the Company has restated its consolidated statements of operations for the three-month and nine-month periods ended September 30, 2005 and the consolidated statements of cash flows for the nine month period ended September 30, 2005.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board, the consolidated balance sheet of Monster Worldwide, Inc. as of December 31, 2005, and the related consolidated statements of operations, stockholders' equity, and cash flows for the year then ended (not presented herein); and in our report dated February 3, 2006, except for the effects of the restatement discussed in Note 2 and Note 17 which are as of December 11, 2006, we expressed an unqualified opinion on those consolidated financial statements. As discussed in Note 8, the Company has classified the results of operations of TMP Worldwide Advertising and Communications businesses in United Kingdom, Ireland, Spain, Australia, New Zealand, Singapore, United States and Canada as discontinued operations and accordingly the accompanying December 31, 2005 balance sheet reflects adjustments relating to these changes. As discussed in Note 3, the Company changed its accounting policy for stock-based compensation awards exchanged for employee services and accordingly the accompanying December 31, 2005 balance sheet reflects adjustments relating to this change. We have not audited the accompanying balance sheet.

/s/ BDO SEIDMAN, LLP
BDO Seidman, LLP

New York, New York
December 19, 2006

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We make forward-looking statements in this report and in other reports and proxy statements that we file with the SEC. In addition, our senior management might make forward-looking statements. Broadly speaking, forward-looking statements include:

- projections of our revenues, income, earnings per share, capital expenditures, capital structure or other financial items;
- descriptions of plans or objectives of our management for future operations, products or services, including pending acquisitions and dispositions;
- forecasts of our future economic performance; and
- descriptions of assumptions underlying or relating to the foregoing.

Forward-looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements often include words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "project," "target," "can," "could," "may," "should," "will," "would," or similar expressions. Do not unduly rely on forward-looking statements. They give our expectations and are not guarantees. Forward-looking statements speak as of only the date they are made, and we might not update them to reflect changes that occur after the date they are made.

There are many factors many beyond our control that could cause results to differ significantly from our expectations. Some of these factors are described in "Item 1A. Risk Factors" of our annual report on Form 10-K/A for the year ended December 31, 2005.

Overview

Monster Worldwide, Inc. is the world's premiere employment solution, bringing people together to advance their lives. Our Monster Careers operations are entirely on the Internet and span 35 countries. We provide our online recruiting services primarily to employers and job seekers. For the employer, our goal is to provide them with the necessary solutions and technology to simplify the hiring process and access our community of job seekers. For seekers, our purpose is to provide opportunities and advice to help advance their careers.

Our services and solutions include searchable job postings, a resume database and other career related content. Users can search our job postings and post their resumes for free on each of our websites. Employers pay to post jobs, search the resume database and use our career site hosting, applicant tracking systems and other ancillary services.

Our strategy has been to grow our business organically and through acquisitions in North America and International. We believe the growth opportunities overseas are particularly large and believe that we are positioned to benefit from our expanded reach and increased brand recognition around the world. Our International operations are now 31% of our Careers revenue through the first nine months of 2006, up from 26% in the comparable 2005 period. We are positioned to benefit from the continued secular shift towards online recruiting. In addition, through a balanced mix of investment, strategic acquisitions and disciplined operating focus and execution, we believe we can take advantage of this online migration to significantly grow our International business in the next several years.

We also operate a network of websites within our Internet Advertising and Fees division that connect companies to highly targeted audiences at critical stages in their life. Our goal is to offer compelling online services for the users through personalization, community features and enhanced content. As of September 30, 2006, Comscore Media Metrix ranked our Monster network of websites the eighteenth most visited properties across the Internet worldwide and we believe that there are enormous opportunities to

monetize this web traffic through lead generation, display advertising and other consumer related products. We believe that these properties are appealing to advertisers and other third parties as they deliver certain discrete demographics entirely online. The majority of our services in our Internet Advertising and Fees division are free to users and currently are offered only in North America.

Business Combinations

For the period January 1, 2005 through September 30, 2006, we completed three business combinations. Although none of the following acquired businesses was considered to be a significant subsidiary, either individually or in the aggregate, they do affect the comparability of results from period to period. The acquisitions and the acquisition dates are as follows:

Acquired Business	Acquisition Date	Business Segment
Emailjob.com SAS	February 11, 2005	Monster Careers International
JobKorea	October 14, 2005	Monster Careers International
PWP, LLC ("Education.org")	May 2, 2006	Internet Advertising & Fees

Discontinued Operations

During the nine months ended September 30, 2006, we disposed of the following businesses that collectively comprised our entire Advertising & Communications operating segment. We executed these transactions in order to focus more resources to support the growth of the Monster franchise on a global basis. The results of operations of these businesses and the associated disposal costs are reflected as discontinued operations in the consolidated statements of operations for the three and nine months ended September 30, 2006:

On August 31, 2006, we sold our TMP Worldwide Advertising & Communications business in the United States and Canada, completing the global divestiture of the operating unit. We received cash of $36,205 (net of working capital and other adjustments). We recorded a pre-tax loss on the sale of the business of $125,010 ($123,095 after-tax loss, net of a $1,915 tax benefit). Included in the pre-tax loss is approximately $133,000 of remaining goodwill and other intangible assets associated with the Advertising & Communications operating segment. In the fourth quarter of 2006, we returned cash consideration of $3,460 upon final determination of working capital sold in connection with the disposition. This disposition is considered material and included a significant amount of assets, primarily due to the amount of goodwill on the balance sheet as of August 31, 2006.

On May 10, 2006, we sold our TMP Worldwide Advertising & Communications businesses in the United Kingdom and Ireland. In a separate transaction, we also sold our recruitment advertising agency in Spain. We received cash of $32,950 (net of working capital and other adjustments) and a $9,000 interest bearing note receivable maturing on May 10, 2013. We recorded a pre-tax gain on the sale of these businesses of $543 ($812 after-tax loss, net of a $1,355 tax expense), included as a component of discontinued operations in the statements of operations. The disposition was not considered material and did not include a significant amount of assets.

On March 1, 2006, we sold our TMP Worldwide Advertising & Communications businesses in Australia/New Zealand and Singapore in two separate transactions. We recognized a pre-tax gain on the sale of these businesses of $2,453 ($5,420 including the tax benefit recognized upon disposition) in the first quarter of 2006. The disposition was not considered material and did not include a significant amount of assets.

During the year ended December 31, 2005, we disposed of the following businesses that collectively comprised substantially all of its Directional Marketing operating segment. The results of operations of

these businesses and the associated disposal costs are reflected as discontinued operations in the consolidated statements of operations for the three and nine months ended September 30, 2005:

On June 1, 2005, we sold substantially all of our Directional Marketing division to a private equity firm for net cash consideration of $49,586 ($80 million purchase price less working capital and other adjustments and $2,500 of cash placed in escrow for an 18 month period following the disposition date) and a $7,000, 3% promissory note due to the Company after 7 years. The sale included our Yellow Pages business in North America and Japan along with its online relocation business. We recognized a loss on sale of these businesses of $10,729 ($1,803 net of tax benefits) in the second quarter of 2005. In the third quarter of 2005, we returned cash consideration of $657 upon final determination of working capital sold in connection with the disposition. In the fourth quarter of 2006, we received principal and accrued interest of $7,289 relating to the early payoff of the promissory note discussed above. The sale of the Directional Marketing business did not include our Directional Marketing operations in the United Kingdom. Our European Advertising & Communications management continued to operate that business, and accordingly, those results were reclassified to our Advertising & Communications operating segment.

On May 2, 2005, we sold our interests in TMP Direct, an order fulfillment business, formerly part of our Directional Marketing segment. The business was purchased by GECKO Inc., an entity owned 65% by George Eisele, a director of Monster Worldwide, for $2,500 cash, paid at closing plus an amount equal to 50% of TMP Direct's working capital as of the closing date payable on May 2, 2006. George Eisele and another individual shareholder of GECKO Inc. personally guaranteed the May 2, 2006 payment obligation of GECKO Inc. The Company received $500 in May 2006 in connection with this obligation. The sale was not considered material and did not include a significant amount of assets. We recognized a pre-tax and after tax loss on sale of this business of $551 in the second quarter of 2005.

The following amounts relate to the assets and liabilities of our disposed businesses and have been segregated from continuing operations and are reported as assets and liabilities of discontinued operations in the consolidated balance sheet as of December 31, 2005:

	12/31/2005
Assets of discontinued operations	
Accounts receivable, net	$ 133,591
Property & equipment, net	12,375
Goodwill and intangible assets, net	158,359
Other	5,738
Total assets of discontinued operations	$ 310,063
Liabilities of discontinued operations	
Accounts payable	$ 62,985
Accrued expenses and other liabilities	34,826
Total liabilities of discontinued operations	$ 97,811

The following amounts primarily related to our dispositions in 2006 and 2005 have been segregated from continuing operations and are reflected as discontinued operations in each period's consolidated statement of operations:

	Three Months ended September 30,		Nine Months ended September 30,	
	2006	2005	2006	2005
		(As restated)		(As restated)
Revenue	$ 12,139	$ 42,454	$ 74,793	$ 149,263
Income before income taxes	$ 207	$ 6,290	$ 6,824	$ 3,333
Income tax expense	72	2,074	2,801	1,049
Gain from discontinued operations, net of tax	135	4,216	4,023	2,284
Pre-tax loss on sale of discontinued operations	(126,382)		(123,203)	(11,280)
Income tax benefit	(2,337)		(3,885)	(8,926)
Loss on sale of business, net of tax	(124,045)		(119,318)	(2,354)
Income (loss) from discontinued operations, net of tax	$ (123,910)	$ 4,216	$ (115,295)	$ (70)

Included in the income (loss) from discontinued operations, net of tax calculation is the impact of the stock option adjustments discussed in Note 2. We recorded $5 and $629 for the three and nine months ended September 30, 2005, respectively, of non-cash stock based compensation costs, net of tax, as a component of discontinued operations, which directly relate to stock options that were awarded to individuals who were employed by the businesses discussed above that were disposed. As of September 30, 2006, the Company had liabilities of $16,891 related to disposed businesses in the 2006 period on the accompanying consolidated balance sheet. These payables primarily relate to operating lease obligations and other contractual obligations retained by the Company following the disposition of these businesses.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States ("GAAP"). In connection with the preparation of our financial statements, we are required to make assumptions and estimates about future events, and apply judgments that affect the reported amounts of assets, liabilities, revenue, expenses and the related disclosures. We base our assumptions, estimates and judgments on historical experience, current trends and other factors that management believes to be relevant at the time our consolidated financial statements are prepared. On a regular basis, management reviews the accounting policies, assumptions, estimates and judgments to ensure that our financial statements are presented fairly and in accordance with GAAP. However, because future events and their effects cannot be determined with certainty, actual results could differ from our assumptions and estimates, and such differences could be material.

Our significant accounting policies are discussed in Note 1, *Basis of Presentation and Significant Accounting Policies*, of the Notes to Consolidated Financial Statements, included in Item 8, *Financial Statements and Supplementary Data*, of our Annual Report on Form 10-K/A. Management believes that the following accounting policies are the most critical to aid in fully understanding and evaluating our reported financial results, and they require management's most difficult, subjective or complex judgments, resulting from the need to make estimates about the effect of matters that are inherently uncertain. Management has reviewed these critical accounting estimates and related disclosures with the Audit Committee of our Board of Directors.

Revenue Recognition

Monster Careers. Our Monster Careers segments (both North America and International) earn revenue primarily from the placement of job postings on the websites within the Monster network, access to the Monster network's online resume database and other career-related services. We recognize revenue at the time that job postings are displayed on the Monster network websites. Revenue earned from subscriptions to the Monster network's resume database is recognized over the length of the underlying subscriptions, typically from two weeks to twelve months. Revenue associated with multiple element contracts is allocated based on the relative fair value of the services included in the contract. Unearned revenues are reported on the balance sheet as deferred revenue.

Internet Advertising and Fees. Our Internet Advertising and Fees segment earns revenue from the display of advertisements on the Monster network of websites, click-throughs on text-based links, leads provided to advertisers and subscriptions to our non-career premium services.

The Company recognizes revenue related to the display of advertisements on its Internet properties as "impressions" are delivered. An "impression" is delivered when an advertisement appears in pages viewed by users. Arrangements for these services generally have terms of less than one year or may be terminated at any time by the advertiser.

The Company generates revenue from text based links to the websites of its advertisers that are placed on the Company's Internet properties. The Company recognizes revenue from these arrangements as "click-throughs" occur. A "click-through" occurs when a user clicks on an advertiser's listing.

The Company generates revenue from "leads" that it provides to third-party advertisers. "Leads" consist of information solicited by an advertiser by way of the Company's website. When a user provides the requested information, the Company turns over such information to the advertiser for a predetermined fee, at which time, revenue is recognized. Agreements to provide such information generally have terms that define the number of leads and time period over which they must be provided to the advertiser.

Fee revenue consists of revenues generated from a variety of consumer based services, including subscriptions and premium services. The Company recognizes fee revenue over the length of the underlying subscriptions or when services are performed.

Asset Impairment

Business Combinations, Goodwill and Intangible Assets. The purchase method of accounting requires that assets acquired and liabilities assumed be recorded at their fair values on the date of a business acquisition. Our consolidated financial statements and results of operations reflect an acquired business from the completion date of an acquisition. The costs to acquire a business, including transaction, integration and restructuring costs, are allocated to the fair value of net assets acquired upon acquisition. Any excess of the purchase price over the estimated fair values of the net tangible and intangible assets acquired is recorded as goodwill.

The judgments that we make in determining the estimated fair value assigned to each class of assets acquired and liabilities assumed, as well as asset lives, can materially impact net income in periods following a business combination. We generally use either the income, cost or market approach to aid in our conclusions of such fair values and asset lives. The income approach presumes that the value of an asset can be estimated by the net economic benefit to be received over the life of the asset, discounted to present value. The cost approach presumes that an investor would pay no more for an asset than its replacement or reproduction cost. The market approach estimates value based on what other participants in the market have paid for reasonably similar assets. Although each valuation approach is considered in valuing the assets acquired, the approach ultimately selected is based on the characteristics of the asset and the availability of information.

We evaluate our goodwill annually for impairment or more frequently if indicators of potential impairment exist. The determination of whether or not goodwill has become impaired involves a significant level of judgment in the assumptions underlying the approach used to determine the value of our reporting units. Changes in our strategy and/or market conditions could significantly impact these judgments and require reductions to recorded amounts of intangible assets.

Long-lived assets. We review long-lived assets, other than goodwill, for impairment whenever events or changes in circumstances indicate that the related carrying amounts may not be recoverable. Determining whether an impairment has occurred typically requires various estimates and assumptions, including determining which cash flows are directly related to the potentially impaired asset, the useful life over which cash flows will occur, their amount and the asset's residual value, if any. In turn, measurement of an impairment loss requires a determination of fair value, which is based on the best information available. We use internal discounted cash flows estimates, quoted market prices when available and independent appraisals, as appropriate, to determine fair value. We derive the required cash flow estimates from our historical experience and our internal business plans and apply an appropriate discount rate.

Income Taxes

We record a valuation allowance to reduce our deferred tax assets to the amount that is more likely than not realizable. While we have considered projected future taxable income and ongoing tax planning strategies in assessing the need for the valuation allowance, in the event we were to determine that we would be able to realize a deferred tax asset in the future, in excess of the net recorded amount, an adjustment to the deferred tax asset would increase earnings in the period such determination was made. Likewise, should we determine that we would not be able to realize all or part of our net deferred tax asset in the future, an adjustment to the deferred tax asset would decrease earnings in the period such determination was made. Our future effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates, changes in the valuation of our deferred tax assets or liabilities, or changes in tax laws or interpretations thereof. In addition, our filed tax returns are subject to the examination by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes.

In connection with the restatement of our consolidated financial statements due to stock option adjustments, we recorded deferred tax benefits on the non-cash stock based compensation expense ratably over the option vesting periods for grants to individuals who were employed in tax jurisdictions where a tax deduction is available. Under required accounting standards, we do not record anticipated loss of tax benefits due to market declines in the value of the Company's common stock.

Section 162(m) of the Internal Revenue Code provides important limitations which affect the ultimate realization of tax benefits on non-cash stock based compensation expense for U.S. based executives. In accordance with Section 162(m), non-performance based compensation in excess of $1 million paid to the Chief Executive Officer and the 4 other listed officers, whose salary is disclosed in the annual proxy for the year in which the salary, is paid is not deductible. In order for the limitation to apply the executive must still be employed at the end of the year in which the payment occurs.

Section 162(m) provides that stock options that are in-the money at the time of grant do not qualify as performance based compensation and are potentially subject to the $1 million salary deduction limitation in the year in which the executive exercises the option. The executive's status as a listed officer in the year of exercise, the amount of total non-performance based compensation received, and whether the executive is still employed at the end of the year of exercise determines whether the limitation applies.

In recording deferred tax assets, we do not anticipate whether recorded tax benefits could be subject to Section 162(m) limitations. In the restated consolidated financial statements we recorded deferred tax

assets ratably as the non-cash stock based compensation expense is recognized in the statement of operations, and in accordance with the applicable vesting period.

To the extent actual events are inconsistent with the initial assumption and tax benefits are not ultimately realized, we reverse the recorded tax benefits in the year in which such events occur. When options are cancelled or expire unexercised, recorded tax benefits are reversed to additional paid in capital to the extent of previous credits to additional paid in capital for excess tax benefits, and then to the income tax provision. If a Section 162(m) limitation is determined to apply, the disallowance of tax benefits is reflected by reducing previously recorded tax benefits in the year of exercise by reversing the recorded deferred tax asset to the income tax provision on the statement of operations. Future year's financial results may be impacted due to events inconsistent with the underlying assumptions.

Stock Based Compensation

We account for stock based compensation in accordance with Accounting Principles Board ("APB") Opinion No. 25, *Accounting for Stock Issued to Employees* ("APB 25"). Under APB 25, generally, no compensation expense is recognized in connection with the awarding of stock option grants to employees provided that, as of the grant date, all terms associated with the award are fixed and the quoted market price of the stock is equal to or less than the amount an employee must pay to acquire the stock as defined. For fixed awards, compensation expense is measured as the excess, if any, of the quoted market price of our common stock at the date of grant over the exercise price of the option granted. Compensation expense for fixed awards is recognized ratably over the vesting period on a straight-line basis.

As a result of the review of the Special Committee, it was determined that the exercise price of a substantial number of stock option grants during the periods between 1997 through March 31, 2003 differed from the fair market value of the underlying shares on the recorded measurement date. In a significant number of instances, the stock price on the assigned date (the date as of which the UWC was executed) was lower, sometimes substantially lower, than the price on the date the award may be deemed to have actually been determined. The Company believes that this practice was done intentionally, by persons formerly in positions of responsibility at the Company for the purpose of issuing options at a higher intrinsic value than would have otherwise been the case. As a result, we have recorded a pre-tax non-cash cumulative charge of $339.6 million ($271.9 million on an after-tax basis) in our consolidated financial statements through December 31, 2005 to reflect additional stock based compensation costs.

Restatement Methodology

Historically, we have generally accounted for stock option grants as if the options were granted at an exercise price no less than fair market value as indicated by the closing price of a share of our common stock trading on the NASDAQ National Market on either the "as of" date reflected on the relevant UWC of the Compensation Committee of the Board of Directors or the date of minutes of an actual Compensation Committee meeting ("Minutes"). A majority of stock options granted during the period under review were granted pursuant to UWC's. The UWC's, by their terms, typically referred to an attached Schedule A listing the specific names of the grantees and the number of shares subject to each option. The UWC's that have been located by the Company, however, either have no Schedule A annexed to them, or where one is attached, it frequently does not match our electronic stock option database.

We have therefore concluded that neither the "as of" dates referenced on Compensation Committee UWC's nor the dates of Minutes can be relied on as proper option grant measurement dates. We have been unable to ascertain with any degree of certainty when, if ever, UWC's or Minutes with full, complete and final Schedule A's were reviewed and approved by the Compensation Committee.

In light thereof, we have concluded that the most appropriate and accurate source of data to determine option grant measurement dates is the electronic record of option grant information in its electronic stock option database program known as Transcentive, which went into use in late 1998. The entry into

Transcentive of the specific grantee information as to each stock option grant constituted an acknowledgement by the Company to the grantee of the grantee's legal entitlement to the grant and, in the absence of authoritative information as to when grants were actually approved by the Company provides an appropriate measurement date framework based on entitlement. For option grants made subsequent to the implementation of Transcentive, we have calculated the restated intrinsic value using a grant measurement date based on when the option data was entered into the database program (the "Creation Date"). For options granted prior to the implementation of Transcentive, the new measurement date was determined by applying the average lag time between the "as of" date and the Creation Date for options granted subsequent to the implementation of Transcentive to the original option grant date in order to approximate a reliable measurement date. The average lag period between the date as of which UWC's were executed and the date that options purportedly granted by such consents were inputted into our Transcentive system was ninety-seven days. For grants prior to December 1998, we have therefore used measurement dates equating to ninety-seven days following the date as of which the UWC relating to such options were executed.

The calculation of the non-cash stock based compensation charge resulting from the Special Committee's investigation required significant estimation and assumption. The estimates we used in deriving the amounts in our consolidated financial statements were based on historical trends and internal information. A significant amount of judgment was required in examining each separate option grant and also in determining the new measurement dates applied to each grant in our calculation. For instance, the Creation Date methodology utilized to calculate the non-cash stock based compensation charge has caused certain groups of options which were originally granted on a single date to be re-measured across a number of distinct and different dates. In addition, the historic volatility in our stock price had potentially significant influence on the results of our calculation of the non-cash stock based compensation charge. For example, a $1 movement in the new measurement date price of each option award would result in a difference of approximately $26.6 million in the cumulative charge we have reported. Due to the volatility of the Company's common stock, the use of another measurement date could have resulted in a substantially higher or lower compensation expense. This in turn would have caused net income or loss to be different than amounts reported in the restated consolidated financial statements.

Results of Operations

Consolidated operating results as a percent of revenue for the three and nine months ended September 30, 2006 and 2005 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2006	2005	2006	2005
		(As restated)		(As restated)
Revenue	**100.0%**	**100.0%**	**100.0%**	**100.0%**
Salaries and related	37.4%	43.0%	36.3%	41.1%
Office and general	17.9%	17.9%	17.3%	18.7%
Marketing and promotion	23.8%	22.3%	25.3%	23.7%
Total operating expenses	79.1%	83.2%	79.0%	83.5%
Operating income	**20.9%**	**16.8%**	**21.0%**	**16.5%**
Interest and other, net	1.8%	0.3%	1.5%	0.2%
Income from continuing operations before income taxes and equity interest	22.7%	17.2%	22.5%	16.6%
Income taxes	7.9%	6.3%	8.0%	6.0%
Losses in equity interest	(0.7)%	(0.3)%	(0.7)%	(0.2)%
Income from continuing operations	**14.0%**	**10.6%**	**13.9%**	**10.4%**
Income (loss) from discontinued operations, net of tax	(43.3)%	2.0%	(14.1)%	0.0%
Net income (loss)	**(29.3)%**	**12.6%**	**(0.2)%**	**10.4%**

The Three Months Ended September 30, 2006 Compared to the Three Months Ended September 30, 2005

Monster Careers North America

The operating results of our Monster Careers North America division for the three months ended September 30, 2006 and 2005 are as follows:

(dollars in thousands)	2006	% of Revenue	2005	% of Revenue	Increase	% Increase
Revenue	$ 166,910	100.0%	$ 134,094	100.0%	$ 32,816	24.5%
Selling, general and administrative	104,796	62.8%	83,110	62.0%	21,686	26.1%
Depreciation and amortization*	4,921	2.9%	4,249	3.2%	672	15.8%
Operating income	$ 57,193	34.3%	$ 46,735	34.9%	$ 10,458	22.4%

* Includes amortization of stock based compensation under our 2006 Restricted Stock Unit Plan.

Our Monster Careers North America segment achieved strong top line growth and continued to increase its market share within the recruitment advertising industry. We continued to experience strong demand for access to our resume database in the third quarter of 2006, as tighter labor markets are placing an increased emphasis on finding qualified candidates. In addition, our enterprise channel, which primarily serves businesses that employ 2,000 or more people, continued to post solid gains, while our healthcare and staffing channels displayed strong growth and increased demand. Our eCommerce channel, which allows our clients to self-serve their job posting needs, grew revenue by approximately 19% in the third quarter of 2006, but at a more moderate pace than in previous quarters. Our 24.5% revenue growth rate for the third quarter of 2006

has declined from the 29.1% growth rate we experienced through the first half of the year, suggesting a slower hiring environment in the U.S. economy. We are confident about our

prospects for long-term growth in North America and remain committed to outperforming the online recruitment industry in any type of business environment. We believe that our growth in North America will largely come from making competitive gains at the regional and local market level and we, therefore, continue to monitor our pricing structure in the local and regional markets in order to achieve a competitive advantage and continually improve our customer service.

Our Monster Careers North America segment generated an operating margin of 34.3% while making incremental investments in customer service, product, marketing and sales. Our marketing resources, which are 31.7% of our operating expenses, are diversely allocated to online media, radio, television and traditional print advertising. Marketing and promotional spending increased 13.6% over the 2005 period as we targeted both the job seeker and employer. We have made opportunistic investments in driving quality seeker traffic to our website and as a result, the number of resumes in our database increased 24% compared to the prior period. Growing user engagement and simplifying the job seeker experience is a top operating priority for Monster, and in the third quarter of 2006, we increased the number of My Monster accounts, which are unique to each specific job seeker, by 8% over the prior year period. We have added 364 employees in the past twelve months and our salaries and related expenses have increased 34.3% over the third quarter of 2005. Despite the significant increases in headcount, we were able to improve efficiencies and generate savings that can be reinvested into our business for future growth. We are committed to maintaining a disciplined operating focus so that we can grow our operating margins, while at the same time investing in new products and enhancements for the future.

Monster Careers International

The operating results of our Monster Careers International division for the three months ended September 30, 2006 and 2005 are as follows:

(dollars in thousands)	2006	% of Revenue	2005	% of Revenue	Increase	% Increase
Revenue	$ 77,382	100.0%	$ 44,837	100.0%	$ 32,545	72.6%
Selling, general and administrative	69,133	89.3%	44,745	99.8%	24,388	54.5%
Depreciation and amortization*	3,252	4.2%	2,459	5.5%	793	32.2%
Operating income (loss)	$ 4,997	6.5%	$ (2,367)	(5.3)%	$ 7,364	311.1%

* Includes amortization of stock based compensation under our 2006 Restricted Stock Unit Plan.

Our Monster Careers International segment increased revenue 72.6% over the third quarter of 2005 as the secular shift towards online recruiting continued at an accelerated pace. We are experiencing a rapid migration of help wanted advertising in each country and have positioned our operations to benefit from the shift. Our capital and operating investments in the major countries across Europe and Asia have resulted in 53.6% organic revenue growth in the third quarter of 2006, which excludes the effects of currency exchange rates and the results of businesses acquired within the trailing twelve month period. The Asia/Pacific region now accounts for 14.7% of our Careers International revenue, primarily as a result of our acquisition JobKorea in the fourth quarter of 2005. JobKorea, which is largely an eCommerce business, has established our presence in one of Asia's largest emerging markets where a large portion of the population is online. In India, our first quarter product redesign and marketing efforts have allowed us to begin charging for job postings. Across Continental Europe, revenue increased in every country where we operate, particularly in France, Germany and the Netherlands, where revenue growth was 56.2% on a combined basis. In the United Kingdom, we believe we are closing the gap with our competitors as evidenced by our 68.2% growth rate. Our International revenue is now 31.7% of our total Careers revenue, up from 25.1% in the third quarter of 2005, and we believe that the online recruitment market overseas presents a large and global growth opportunity for Monster.

We have been aggressively increasing our investments overseas through a refined mix of marketing, sales and product enhancements. Marketing expenses increased at a faster pace than our revenue growth rate and more than doubled compared to the 2005 period. Our investments in marketing are increasing our brand awareness, driving job seeker traffic to our websites and expanding our reach, both to the job seeker and to the employer. Those investments, combined with the addition of 126 sales and support staff during the third quarter of 2006, have helped us achieve a significant portion of our overall revenue growth and help us gain market share in key European countries. Revenue per employee was up 36% in Europe and was even higher in the Asia/Pacific region. Our management team is committed to growing the business overseas, while still mindful of profitability and the cost structure. In the third quarter of 2006, the division increased total expenses by 53.3%, while delivering an operating margin of 6.5%. Our objective to transition Monster Careers International into a scalable operation, similar to that of our North American business, is taking hold and we believe that our investments in marketing, training and productivity will enable us to continue the migration of the European and Asian markets online.

Internet Advertising and Fees

The operating results of our Internet Advertising and Fees segment for the three months ended September 30, 2006 and 2005 are as follows:

(dollars in thousands)	2006	% of Revenue	2005	% of Revenue	Increase	% Increase
Revenue	$ 41,563	100.0%	$ 27,903	100.0%	$ 13,660	49.0%
Selling, general and administrative	28,059	67.5%	18,346	65.7%	9,713	52.9%
Depreciation and amortization*	1,661	4.0%	1,150	4.1%	511	44.4%
Operating income	$ 11,843	28.5%	$ 8,407	30.1%	$ 3,436	40.9%

* Includes amortization of stock based compensation under our 2006 Restricted Stock Unit Plan.

Revenue at our Internet Advertising and Fees segment increased 49.0% primarily due to higher quality leads generated and an increased demand for online advertising. Lead generation revenue increased 70.3% as we increased our cost per lead and produced higher quality leads for our advertisers. Our Military.com, Fastweb and Monster.com website accounted for 79.0% of our lead generation revenue. We also generated a greater overall volume of leads when compared to the prior period. Display advertising increased 46.8% in the third quarter of 2006 as advertisers' targeted users across our network of websites, which consistently rank in the top 20 most visited properties on the Internet. We believe that online advertising represents a significant growth opportunity for us, as our audience is appealing to both brand and remnant advertisers. During the third quarter of 2006, we partnered with 52 of the 100 largest national advertisers and 56 of the top 100 online advertisers and we believe there is considerable opportunity that exists to penetrate the online advertising market. We are committed to providing new access for our clients and customers. As a result, we are making significant strides in monetizing the large traffic that is generated through the Monster Careers website.

Our operating margin declined to 28.5% in the 2006 period as we made investments in sales force, marketing and new product development in 2006. As of September 30, 2006, we employed 329 employees in various locations across the United States, up 30.0% compared to the 2005 period. Our marketing costs increased 76.8% over the 2005 period as we made enhancements to our product and promoted our services to our diverse audience. We plan to expand our advertising sales force across the United States and introduce the Internet advertising model overseas in early 2007. We believe that the margin potential is significantly higher than our current levels; however we recognize the long-term potential and opportunity and will prioritize revenue growth over short-term margin growth.

Consolidated Operating Expenses and Operating Income

Consolidated operating expenses and operating income for the three months ended September 30, 2006 and 2005 are as follows:

(dollars in thousands)	2006	% of Revenue	2005	% of Revenue	Increase	% Increase
			(As restated)	(As restated)	(As restated)	(As restated)
Salaries and related	$ 106,838	37.4%	$ 88,961	43.0%	$ 17,877	20.1%
Office and general	51,113	17.9%	36,977	17.9%	14,136	38.2%
Marketing and promotion	68,077	23.8%	46,074	22.3%	22,003	47.8%
Operating expenses	226,028	79.1%	172,012	83.2%	54,016	31.4%
Operating income	$ 59,827	20.9%	$ 34,822	16.8%	$ 25,005	71.8%

Our total operating expenses increased 31.4% over the third quarter of 2005 as a result of additional investments made in each of our operating units. We added 418 employees in the third quarter of 2006 and 1,285 new employees since the third quarter of 2005. As a result, we have incurred higher salaries, benefits and commissions and we have incurred additional occupancy and infrastructure costs. Included in the 2005 period is $6.6 million of non-cash stock based compensation costs associated with our historical stock option grant practices and related accounting restatements. No such amounts were recorded in the 2006 period, as we accelerated all unvested outstanding options as of December 31, 2005 to mitigate compensation expense we would have had to record upon the effectiveness of SFAS 123R. In the third quarter of 2006, we recorded $2.9 million of compensation expense related to our equity compensation plans, primarily our 2006 RSU Plan. Marketing increased $22.0 million over the prior year period as a result of allocating greater resources to expanding our brand recognition and strengthening our reach in our International Careers segment. We also stepped up our marketing efforts in North America to drive further penetration into local markets. We will continue to market our services heavily throughout Europe and Asia while keeping our marketing and promotion expenses in line with our revenue expectations. Our acquisitions of JobKorea and Education.org contributed approximately $6.1 million to the increase in total operating expenses for the quarter.

Income Taxes

Income taxes for the three months ended September 30, 2006 and 2005 are as follows:

			Change	
(dollars in thousands)	2006	2005	$	%
		(As restated)	(As restated)	(As restated)
Income from continuing operations before income taxes	$ 64,839	$ 35,506	$ 29,333	82.6%
Income taxes	22,692	13,015	9,677	74.4%
Effective tax rate	35.0%	36.7%		

Our effective tax rates differ from the statutory rate due to the impact of state and local income taxes, certain nondeductible expenses, foreign earnings taxed at different tax rates and valuation allowances. Included in income tax expense in the 2005 period is $1.9 million of income tax benefits relating to the stock option findings of the Special Committee. Our future effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates, changes in the valuation of our deferred tax assets or liabilities, or changes in tax laws or interpretations thereof. In addition, our filed tax returns are subject to the examination by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes.

Earnings Per Share

Diluted loss per share was $0.64 for the three months ended September 30, 2006, primarily as a result of our $123.9 million loss from discontinued operations, net of tax. Our loss from discontinued operations decreased our diluted earnings per share by $0.95 and is primarily related to the disposition of our Advertising and Communications business in North America. Our diluted shares increased 4.9% over the prior year period, mainly a result of additional shares issued in connection with employee stock option exercises. The net impact of the stock option adjustments we recorded in the third quarter of 2005 resulted in a decline of $0.04 to our 2005 earnings per share. We reported income from continuing operations of $40.1 million or $0.31 per diluted share and our net loss was $83.8 million for the third quarter of 2006.

The Nine Months Ended September 30, 2006 Compared to the Nine Months Ended September 30, 2005

Monster Careers North America

The operating results of our Monster Careers North America division for the nine months ended September 30, 2006 and 2005 are as follows:

(dollars in thousands)	2006	% of Revenue	2005	% of Revenue	Increase	% Increase
Revenue	$ 489,724	100.0%	$ 383,802	100.0%	$ 105,922	27.6%
Selling, general and administrative	307,620	62.8%	246,101	64.1%	61,519	25.0%
Depreciation and amortization*	14,755	3.0%	12,581	3.3%	2,174	17.3%
Operating income	$ 167,349	34.2%	$ 125,120	32.6%	$ 42,229	33.8%

* Includes amortization of stock based compensation under our 2006 Restricted Stock Unit Plan.

Our Monster Careers North America segment benefited significantly from an improved domestic labor market, continued migration to online employment advertising and our ongoing sales force expansion. The division grew revenue 27.6% as we posted strong growth in our enterprise, staffing and eCommerce channels. We continue to successfully execute on our eCommerce model, allowing our clients to self-serve their job-posting needs. Our eCommerce service generated approximately 50,000 new customers during the first nine months of the year and now accounts for approximately 19% of the division's revenue. The investments we made in the eCommerce model continue to drive strong revenue growth among the SMB market (small to medium sized businesses), while generating high margin returns despite the smaller average order size. We saw a particularly strong demand for access to our Monster's resume database in the first three quarters of 2006, suggesting an environment where employers are placing increasing emphasis and resources on finding qualified candidates as a result of tighter labor markets. We believe that our growth in North America will largely come from making competitive gains at the regional and local market level and we, therefore, continue to monitor our pricing structure in the local and regional markets in order to achieve a competitive advantage and continually improve our customer service.

Our Monster Careers North America segment generated an operating margin of 34.2% while making incremental investments in marketing and sales force expansion. Our marketing resources are diversely allocated to online media, radio, television and traditional print advertising. We have made opportunistic investments in driving quality seeker traffic to our website, growing user engagement and simplifying the job seeker experience. Our investments in local and national marketing campaigns have expanded our reach and strengthened user engagement for our services. We continued to invest in sales force expansion during the first nine months of 2006, as we added 254 sales and support staff. We believe that our new sales center in Tempe, Arizona presents us with a unique opportunity to leverage a lower cost structure in a key regional market, while at the same time adding to our sales infrastructure.

Monster Careers International

The operating results of our Monster Careers International division for the nine months ended September 30, 2006 and 2005 are as follows:

(dollars in thousands)	2006	% of Revenue	2005	% of Revenue	Increase	% Increase
Revenue	$ 216,347	100.0%	$ 131,934	100.0%	$ 84,413	64.0%
Selling, general and administrative	196,310	90.7%	132,073	100.1%	64,237	48.6%
Depreciation and amortization*	12,272	5.7%	7,423	5.6%	4,849	65.3%
Operating income (loss)	$ 7,765	3.6%	$ (7,562)	(5.7)%	$ 15,327	202.7%

* Includes amortization of stock based compensation under our 2006 Restricted Stock Unit Plan.

Our Monster Careers International segment increased revenue in each country where we operate and now comprises 26.4% of our total revenue. Our considerable investments in marketing and sales staff in the major countries across Continental Europe and Asia are paying off, evidenced by the segment's organic revenue growth rate, improved efficiencies and secular growth. We continue to see a rapid migration of help wanted advertising online. Our four largest international markets, the United Kingdom, Germany, France and the Netherlands, contributed approximately 65% of total International revenue. Our fourth quarter 2005 acquisition of JobKorea, which is largely an eCommerce business, has established our presence in one of Asia's largest emerging markets where a large portion of the population is online. As a result, our revenue from the Asia/Pacific region is growing and is now 14.9% of our International Careers revenue.

We have been aggressively increasing our investments overseas through a refined mix of marketing, sales and product enhancements. Our marketing expense more than doubled compared to the 2005 period as our investments in marketing are increasing our brand awareness, driving job seeker traffic to our websites and expanding our reach, both to the job seeker and to the employer. We are actively marketing and promoting our services throughout Europe and the Asia/Pacific region with approximately 80% of our marketing budget spread across fourteen different countries in Europe. Those investments, combined with the addition of 386 sales and support staff during the three quarters of 2006, have helped us achieve a significant portion of our overall revenue growth and help us gain market share in key European countries. Our management team is committed to growing the business overseas, while still mindful of profitability and the cost structure. In the first nine months of 2006, the division increased total expenses by 49.5%, while still delivering an operating margin of 3.6%. Our objective to transition Monster Careers International into a scalable operation, similar to that of our North American business, is taking hold and we believe that our investments in marketing, training and productivity will enable us to continue the migration of the European and Asian markets online.

Internet Advertising and Fees

The operating results of our Internet Advertising and Fees segment for the nine months ended September 30, 2006 and 2005 are as follows:

(dollars in thousands)	2006	% of Revenue	2005	% of Revenue	Increase	% Increase
Revenue	$ 111,989	100.0%	$ 78,723	100.0%	$ 33,266	42.3%
Selling, general and administrative	72,643	64.9%	51,710	65.7%	20,933	40.5%
Depreciation and amortization*	5,454	4.9%	3,444	4.4%	2,010	58.4%
Operating income	$ 33,892	30.3%	$ 23,569	29.9%	$ 10,323	43.8%

* Includes amortization of stock based compensation under our 2006 Restricted Stock Unit Plan.

Revenue at our Internet Advertising and Fees segment continued to increase as we stepped up our focus, introduced a fully dedicated management team in 2006 and experienced greater demand for online advertising in 2006 as companies targeted users across our network of websites, which consistently rank in the top 20 most visited properties on the Internet. We believe that online advertising represents a significant growth opportunity for us, as our audience is appealing to both brand and remnant advertisers. In general, we believe our revenue growth rate of 42.3% in the 2006 period compares very favorably to the overall growth of internet advertising. The division is enhancing our ability to monetize traffic from our Monster Careers website, while at the same time partnering with over 50% of the largest national online advertisers. During the nine months ended September 30, 2006, we aligned our sales force to cross-sell across our network of unique properties to our clients. We believe this will enable us to gain greater exposure to different advertisers and expose our clients to our diverse audience.

The segment posted an operating margin of 30.3% in the first nine months of 2006, slightly above the 2005 level. We plan to continue expanding our advertising sales force across the United States and introduce the Internet advertising model overseas in early 2007. We have added 29 sales and support staff in various locations across the United States in the first nine months of 2006, and as a result we are incurring higher salaries, commissions and infrastructure costs versus the prior year period.

Consolidated Operating Expenses and Operating Income

Consolidated operating expenses and operating income for the nine months ended September 30, 2006 and 2005 are as follows:

(dollars in thousands)	2006	% of Revenue	2005	% of Revenue	Increase	% Increase
			(As restated)	(As restated)	(As restated)	(As restated)
Salaries and related	$ 297,253	36.3%	$ 244,114	41.1%	$ 53,139	21.8%
Office and general	141,685	17.3%	111,338	18.7%	30,347	27.3%
Marketing and promotion	207,088	25.3%	141,088	23.7%	66,000	46.8%
Operating expenses	646,026	79.0%	496,540	83.5%	149,486	30.1%
Operating income	$ 172,034	21.0%	$ 97,919	16.5%	$ 74,115	75.7%

Operating expenses grew 30.1% in the first nine months of 2006 compared to the prior year period, mainly as a result of investments in marketing, sales and product enhancements. We increased expenses across all of our operating segments, stemming mainly from hiring initiatives since September 2005 and increased marketing and promotion of the Monster brand. We increased global headcount by 38.4% over the 2005 period, primarily for increased sales and support staff in our Monster Careers segments. As a result we incurred higher salary, benefits and commission costs. Included in the 2005 period is $11.5 million of non-cash stock based compensation costs associated with our historical stock option grant practices and related accounting restatements. No such amounts were recorded in the 2006 period, as we accelerated all unvested outstanding options as of December 31, 2005 to mitigate compensation expense we would have had to record upon the effectiveness of SFAS 123R. In the first three quarters of 2006, we recorded $8.4 million of compensation expense related to our equity compensation plans primarily our 2006 RSU Plan. Marketing increased 46.8% as we allocated greater resources to key countries overseas to expand our brand recognition. We also stepped up our marketing efforts in the North America to drive further penetration into the local markets and renew our focus on the job seeker. We will continue to market our services heavily throughout Europe and Asia while keeping our marketing and promotion expenses in line with our revenue expectations. Our acquisitions of JobKorea and Education.org contributed approximately $15.8 million to total operating expenses in the first three quarters of the year.

Income Taxes

Income taxes for the nine months ended September 30, 2006 and 2005 are as follows:

(dollars in thousands)	2006	2005	Change $	Change %
		(As restated)	(As restated)	(As restated)
Income from continuing operations before income taxes	$ 184,116	$ 98,945	$ 85,171	86.1%
Income taxes	65,180	35,613	29,567	83.0%
Effective tax rate	35.4%	36.0%		

Our effective tax rates differ from the statutory rate due to the impact of state and local income taxes, certain nondeductible expenses, foreign earnings taxed at different tax rates and valuation allowances. Included in income tax expense in the 2005 period is $3.2 million of income tax benefits relating to the stock option findings of the Special Committee.Our future effective tax rates could be adversely affected by earnings being lower than anticipated in countries where we have lower statutory rates, changes in the valuation of our deferred tax assets or liabilities, or changes in tax laws or interpretations thereof. In addition, our filed tax returns are subject to the examination by the Internal Revenue Service and other tax authorities. We regularly assess the likelihood of adverse outcomes resulting from these examinations to determine the adequacy of our provision for income taxes.

Earnings Per Share

Diluted loss per share was $0.01 for the nine months ended September 30, 2006, primarily as a result of our $115.3 million loss from discontinued operations, net of tax. Our loss from discontinued operations decreased our diluted earnings per share by $0.88 and is primarily related to the disposition of our Advertising and Communications business in North America. Our diluted shares increased 6.0% over the prior year period, mainly a result of additional shares issued in connection with employee stock option exercises. The net impact of the stock option adjustments we recorded in the nine months of 2005 resulted in a decline of $0.07 to our earnings per share. We repurchased 794,584 shares in the first nine months of 2006 to offset additional dilution associated with a higher average stock price.

Financial Condition

The following table details our cash and cash equivalents, marketable securities and cash flow components:

(dollars in thousands)	September 30, 2006	December 31, 2005	Change $	Change %
Cash and cash equivalents	$ 62,788	$ 196,597	$ (133,809)	(68.1)%
Marketable securities	506,285	123,747	382,538	309.1%
Cash and cash equivalents and marketable securities	$ 569,073	$ 320,344	$ 248,729	77.6%
Percentage of total assets	31.6%	19.1%		

(dollars in thousands)	2006	2005	Change $	Change %
Cash provided by operating activities of continuing operations	$ 202,086	$ 166,174	$ 35,912	21.6%
Cash used for investing activities of continuing operations	(427,485)	(71,321)	(356,164)	499.4%
Cash provided by financing activities of continuing operations	70,612	34,174	36,438	106.6%
Cash provided by (used in) discontinued operations	18,912	(9,833)	28,745	292.3%
Effect of exchage rates on cash	2,066	(3,596)	5,662	157.5%

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Our principal capital requirements have been to fund (i) working capital, (ii) marketing and development of our Monster network, (iii) acquisitions and (iv) capital expenditures. Prior to the sale of our Directional Marketing segment in the second quarter of 2005, our working capital requirements were generally higher in the first half of each year, when payments to major Yellow Page directory publishers were at their highest levels. In addition, due to the dispositions that occurred through the first nine months of 2006, we expect to incur lower cash commitments over the next several years. The commitments as of September 30, 2006 related to our continuing operations are as follows (amounts in thousands):

	Payments due by period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Purchase commitments advertising contracts[1]	$ 11,050	$ 9,579	$ 1,471	$	$
Borrowings under financing arrangement and other notes payable	406	86	157	163	
Capital lease obligations	128	128			
Operating lease obligations	214,452	28,701	51,916	37,628	96,207
Aquistion notes payable	20,125	18,293	1,743	89	
Payables related to disposed businesses[2]	16,891	7,867	1,699	4,296	3,029
Total	$ 263,052	$ 64,654	$ 56,986	$ 42,176	$ 99,236

(1) Represents contracts for purchases of advertising as well as commitments related to certain marketing programs.

(2) Primarily related to operating lease obligations and contractual closing costs.

Historically, we have relied on funds provided by operating activities, equity offerings, short and long-term borrowings and seller-financed notes to meet our liquidity needs. We invest our excess cash predominantly in money market funds, and commercial paper that matures within three months of its origination date and in marketable securities, such as auction rate bonds, which are highly liquid and are of high-quality investment grade with the intent to make such time deposits and funds readily available for operating and strategic long-term equity investment purposes.

We believe that our current cash and cash equivalents, marketable securities, revolving credit facility and cash we anticipate to generate from operating activities will provide us with sufficient liquidity to satisfy our working capital needs, capital expenditures, meet our investment requirements and commitments and fund our share repurchase activities through at least the next twelve months. Our cash generated from operating activities is subject to fluctuations in the global economy and unemployment rates.

As of September 30, 2006, we had cash and cash equivalents and marketable securities of $569.1 million, compared to $320.3 million as of December 31, 2005. Our increase in cash and marketable securities of $248.8 million during the nine months ended September 30, 2006 was mainly due to our strong operating income before taking into account depreciation and amortization of intangibles and stock-based compensation ("OIBDA") and cash received from the exercise of employee stock options, including their associated tax benefit. Strong revenue increases and working capital management, aided by a $19.1 million increase in deferred revenue and a $81.3 million increase in accounts payable and accrued expenses, helped generate $202.1 million in cash flow from operating activities related to our continuing operations. Cash flow from operating activities includes $21.8 million of cash generated by our discontinued operations, primarily our former Advertising and Communications business in North America. Overall, working capital increased at a measured rate compared to revenue and expenses. The disposition of our Directional Marketing business in 2005 significantly improved the consistency of our cash flows from operations and its correlation to OIBDA from quarter to quarter.

We used $427.5 million of cash for investing activities in our continuing operations during the nine months ended September 30, 2006, reflecting our net cash purchase of marketable securities of $382.5 million and

our payment of $29.9 million for seller-notes payable on businesses acquired in prior periods. In addition, we acquired an additional 4.4% equity interest in ChinaHR.com for $19.9 million and funded $7.2 million to ChinaHR under a previously announced credit facility. We also paid $17.0 million in connection with the acquisition of Education.org in our Internet Advertising and Fees segment. Capital expenditures were $38.4 million in the first nine months of 2006. Offsetting our cash used for investing activities was $69.2 million of net proceeds from the sale of businesses in our former Advertising and Communications division.

We generated cash from financing activities in the first nine months of 2006, resulting from $91.2 million of cash received from employee stock option exercises, and $17.1 million related to the tax benefit on stock options exercised. In addition, we used $22.8 million of cash in a structured stock repurchase, which resulted in the repurchase of 500,000 shares and $14.4 million used to repurchase 294,584 shares of common stock in open market transactions.

In March 2006, we extended a credit facility to ChinaHR, whereby we have agreed to advance ChinaHR up to an aggregate of $20.0 million with no more than $10.0 million being advanced in the first year of the agreement. Interest on the loans will be assessed at the LIBOR rate plus 1% and shall be payable on a quarterly basis in arrears. The credit facility provides that any advances shall be due and payable in full on the maturity date, which is the earliest of March 2011 or the consummation of an initial public offering of securities by ChinaHR. Through September 30, 2006, we advanced $7.2 million to ChinaHR under the credit facility.

In November 2005, our Board of Directors authorized us to purchase up to $100 million of our common stock on the open market, or otherwise from time to time, over a 30-month period as conditions warrant. Through September 30, 2006, the Company has repurchased 994,584 shares of its common stock for an aggregate purchase price of $45.1 million.

Recent Accounting Pronouncements

In July 2006, the Financial Accounting Standards Board ("FASB") issued FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes (an interpretation of FASB Statement No. 109") which is effective for fiscal years beginning after December 15, 2006. The new guidance will be effective for us on January 1, 2007. This interpretation was issued to clarify the accounting for uncertainty in the amount of income taxes recognized in the financial statements by prescribing a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. We are currently evaluating the potential impact of this interpretation.

In September 2006, the FASB issued SFAS No. 157, *Fair Value Measurements* ("SFAS 157"), which clarifies the definition of fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurement. SFAS 157 does not require any new fair value measurements and eliminates inconsistencies in guidance found in various prior accounting pronouncements. SFAS 157 will be effective for the Company on January 1, 2008. The Company is currently assessing whether the adoption of SFAS 157 will have an impact on the Company's financial statements.

In September 2006, the Securities and Exchange Commission ("SEC") released Staff Accounting Bulletin No. 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements* ("SAB 108"). SAB 108 provides interpretive guidance on the SEC's views on how the effects of the carryover or reversal of prior year misstatements should be considered in quantifying a current year misstatement. The provisions of SAB 108 will be effective for the Company for the year ended December 31, 2006. The Company is currently evaluating the impact of applying SAB 108 but does not believe that the adoption of SAB 108 will have a material effect on the Company's financial statements.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our primary market risks include fluctuations in interest rates and exchange rate variability.

We have interest rate risk primarily related to our short-term investment portfolio. Our short-term investments will produce less income than expected if market interest rates fall therefore our future investment income may fall short of expectations due to changes in market interest rates or we may suffer losses in principal if forced to sell short-term investments which have declined in market value due to increases in interest rates.

We also have interest rate risk related to our revolving credit agreement. At September 30, 2006, the utilized portion of our three-year revolving credit agreement was approximately $2.2 million for standby letters of credit and approximately $97.8 million was unused. Interest on future outstanding loans under the revolving credit agreement shall be charged based on a variable interest rate related to our choice of (1) the higher of (a) the prime rate or (b) the Federal Funds rate plus 0.5%, plus a margin determined by the ratio of our debt to earnings before interest, taxes, depreciation and amortization ("EBITDA") as defined in the revolving credit agreement or (2) the London Interbank Offered Rate (LIBOR) plus a margin determined by the ratio of our debt to EBITDA as defined in the revolving credit agreement.

We have a presence in 35 countries around the world. For the three and nine months ended September 30, 2006, approximately 29% and 28%, respectively, of our revenue was earned outside the United States and collected in local currency and related operating expenses were also paid in such corresponding local currency. To the extent the U.S. dollar strengthens against foreign currencies, the translation of these foreign currency denominated transactions results in reduced revenues, operating expenses and net income for our international operations. Similarly, our revenues, operating expenses and net income or loss will increase for our international operations if the U.S. dollar weakens against foreign currencies. We use forward foreign exchange contracts as cash flow hedges to offset risks related to certain foreign currency transactions. These transactions primarily relate to non-functional currency denominated inter-company funding loans and non-functional currency indebtedness. We do not trade derivative financial instruments for speculative purposes. The financial statements of our non-U.S. subsidiaries are translated into U.S. dollars using current rates of exchange, with gains or losses included in the cumulative translation adjustment account, a component of stockholders' equity. During the three and nine months ended September 30, 2006, we had a translation gain of $3.6 million and $32.5 million respectively, primarily attributable to the weakening of the U.S. dollar against the Euro and the British Pound.

We have risks related to our short term investment activities. The primary objective of our investment activities is to preserve principal while at the same time maximizing yields without significantly increasing risk. To achieve this objective, we maintain our portfolio of short-term investments and cash and cash equivalents in a variety of marketable debt instruments of high quality issuers, including auction rate bonds, commercial paper, money market funds and bank time deposits. We limit the amount of credit exposure to any one issuer. Our marketable securities are generally classified as available for sale and consequently are recorded on the balance sheet at fair value with unrealized gains or losses reported as a separate component of accumulated other comprehensive income. As of September 30, 2006, net unrealized losses on these investments were not material.

ITEM 4. CONTROLS AND PROCEDURES

As disclosed in the Explanatory Note on page 2 of this Form 10-Q and in Note 2 of our consolidated financial statements included in this Form 10-Q, the Company disclosed on June 12, 2006, that a committee of independent directors of the Board of Directors (the "Special Committee") assisted by independent legal counsel and forensic accounting experts that were not previously involved with the Company's stock option plans, was conducting an independent investigation to review the Company's historical stock option grant practices and related accounting. As a result of the investigation, the Special Committee has determined that the exercise price of a substantial number of stock option grants during

the periods between 1997 through March 31, 2003 differed from the fair market value of the underlying shares on the measurement date. The Special Committee has also determined that this practice was done intentionally, by persons formerly in positions of responsibility at the Company for the purpose of issuing options at a higher intrinsic value than would have otherwise been the case.

Based on the findings of the Special Committee, management of the Company concluded that the Company's consolidated financial statements for the years ended December 31, 2005, 2004 and 2003, and the three and nine month periods ended September 30, 2005 should be restated to recognize additional non-cash stock based compensation expense and the related income tax impacts.

As more fully described in our 2005 Form 10-K/A, during 2005, the Company did not maintain effective control over our internal control over financial reporting and our "disclosure controls and procedures" as such term is defined under Exchange Act Rule 13a-15(f) or 15d-15(f). In arriving at these conclusions, management evaluated, among other things, the control deficiencies related to accounting for stock based compensation and the continued employment of persons in positions of responsibility who may be deemed to have overridden our internal controls. As a result, management concluded that these control deficiencies that resulted in the need for a restatement of our previously issued financial statements constituted a material weakness as of December 31, 2005.

Monster Worldwide maintains "disclosure controls and procedures," as such term is defined under Securities Exchange Act Rule 13a-15(f) or 15d-15(f), that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms, and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosures. In designing and evaluating the disclosure controls and procedures, Monster Worldwide's management recognized that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives and Monster Worldwide's management necessarily was required to apply its judgment in evaluating the cost-benefit relationship of possible controls and procedures. Monster Worldwide has carried out an evaluation, as of the end of the period covered by this report, under the supervision and with the participation of Monster Worldwide's management, including Monster Worldwide's Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of Monster Worldwide's disclosure controls and procedures. The control deficiencies noted above, continued to persist during the period in which this report was being prepared.

There have been no significant changes in Monster Worldwide's internal controls over financial reporting that occurred during our most recent fiscal quarter that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting. As of the date of this filing, although the investigation into our historical stock option grant practices is substantially complete, the Special Committee continues to analyze the facts disclosed by its investigation in order to make comprehensive recommendations to the Board regarding remedial steps, and is in the process of determining what remedial recommendations it will make. It expects to make those recommendations in the first quarter of 2007, at which time the Company will implement the recommendations of the Special Committee.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

The Company is involved in various legal proceedings that are incidental to the conduct of its business. It is not involved in any pending or threatened legal proceedings aside from the stock option litigation discussed below that it believes could reasonably be expected to have a material adverse effect on its financial condition or results of operations.

As stated in Note 2 of its consolidated financial statements, the Company announced on June 12, 2006 that a committee of independent directors of the Board of Directors (the "Special Committee"), assisted by outside counsel, was conducting an independent investigation to review the Company's historical stock option grant practices and related accounting.

Stock Option Litigation

Both the United States Attorneys Office ("USAO") and the United States Securities and Exchange Commission ("SEC") have informed the Company that each is conducting an investigation into the Company's past stock option grants. In connection therewith, the Company has received a grand jury subpoena from the United States District Court for the Southern District of New York and requests for the voluntary production of documents from the SEC. The Company is cooperating fully with both the USAO and the SEC.

In October 2006, a putative class action litigation was filed in the United States District Court for the Southern District of New York by a former Company employee against the Company and a number of its current and former officers and directors. The action purports to be brought on behalf of all participants in the Company's 401(k) plan. The complaint alleges that the defendants breached their fiduciary obligations to plan participants under §§ 404, 405, 409 and 502 of the Employee Retirement Income Security Act ("ERISA"), 29 U.S.C. § 1104 et seq., by allowing Plan participants to purchase and to hold and maintain Company stock in their Plan accounts without disclosing to those Plan participants the historical stock option practices. The complaint seeks, among other relief, equitable restitution, attorney's fees and an order enjoining defendants from violations of ERISA.

In addition, derivative actions in connection with historical stock option practices have been commenced by shareholders purportedly on behalf of the Company in both the United States District Court for the Southern District of New York and in the Supreme Court of the State of New York, New York County, against a number of current and former officers and directors of the Company, naming the Company as a nominal defendant.

On October 20, 2006, the three federal court actions were consolidated by the Court and styled as *In re Monster Worldwide, Inc. Stock Option Derivative Litigation*, Master Docket 1:06:cv-04622 (S.D.N.Y.) (NRB-DCF) (Consolidated Action). It is expected that the plaintiffs in the consolidated federal actions will file a consolidated amended complaint on or about December 19, 2006. The current federal complaints assert claims for breach of fiduciary duty, gross mismanagement, unjust enrichment, and violations of Sections 10(b) and 14(a) of the Securities Exchange Act of 1934 (the "Exchange Act") for the period between January 1, 1997 and the present. The federal court plaintiffs seek, among other relief, an indeterminate amount of damages from the individual defendants.

On September 18, 2006, the three purported derivative actions that were filed in the Supreme Court of the State of New York, New York County, were also consolidated. The consolidated actions have been styled as *In re Monster Worldwide Inc. Derivative Litigation*, Index. No. 06-108700 (Supreme, N.Y. County). On or about December 1, 2006, the plaintiffs in the consolidated state court actions filed a consolidated amended complaint asserting claims for breach of fiduciary duty and related state law causes of action. The state court plaintiffs seek, among other relief, an indeterminate amount of damages from the individual defendants.

The Company has received correspondence from, or on behalf of, certain former employees who are the grantees of certain vested stock options that were scheduled to expire or be forfeited unless exercised within the last several months. In light of the current suspension of the Company's S-8 and the resulting prohibition on the exercise of any stock options, said individuals were precluded from exercising such options prior to their expiration date. The former employees have informed the Company that they will seek to hold the Company liable for any financial damages suffered as a result of their inability to exercise the options during the suspension period. During the suspension period approximately 230,000 vested stock options expired that likely would have been exercised by the former employees if not for the suspension period. On December 21, 2006, the Board of Directors approved a cash payment of approximately $5.0 million, including associated payroll taxes, to certain former employees as compensation for their expired options.

The Company may become subject to additional private or government actions. The expense of defending such litigation may be significant. In addition, an unfavorable outcome in such litigation could have a material adverse effect on the Company's business and results of operations. The Company may also be obligated under the terms of its by-laws to advance litigation costs for directors and officers named in litigation relating to their roles at the Company.

ITEM 1A. RISK FACTORS

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I, Item 1A. "Risk Factors" in the Company's Annual Report on Form 10-K/A for the year ended December 31, 2005, which could materially affect our business, financial position and results of operations. There are no material changes from the risk factors set forth in Part I, Item 1A., "Risk Factors," of the Company's Annual Report on Form 10-K/A for the year ended December 31, 2005.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The Company has a stock repurchase plan in place that allows it to purchase securities on the open market or otherwise from time to time as conditions warrant. The Company did not repurchase any shares during the three months ended September 30, 2006.

Period	Total number of shares repurchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Dollar Value of Shares That May Yet Be Purchased Under the Plans or Programs[(a)]
July 1 July 31		N/A		$ 54,919,338
August 1 August 31		N/A		
September 1 September 30		N/A		
Total Q3 2006		N/A		$ 54,919,338
Total nine months ended September 30, 2006	794,584	$ 47.32	794,584	$ 54,919,338

(a) On November 10, 2005, the Board of Directors approved a share repurchase plan, authorizing the Company to purchase up to $100 million of shares of its common stock. The share repurchase plan expires 30 months from the authorization date.

ITEM 6. EXHIBITS.

The following exhibits are filed as a part of this report:

15	Letter from BDO Seidman, LLP regarding unaudited interim financial information.
31.1	Certification by William M. Pastore pursuant to Exchange Act Rules 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification by Charles Baker pursuant to Exchange Act Rule 13a-14(a) and 15d-14(a), as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification by William M. Pastore pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2	Certification by Charles Baker pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.

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.

MONSTER WORLDWIDE, INC.
(Registrant)

Dated: December 26, 2006	By:	/s/ WILLIAM M. PASTORE
		William M. Pastore President and Chief Executive Officer (principal executive officer)
Dated: December 26, 2006	By:	/s/ CHARLES BAKER
		Charles Baker Chief Financial Officer (principal financial officer)
Dated: December 26, 2006	By:	/s/ JONATHAN TRUMBULL
		Jonathan Trumbull Chief Accounting Officer and Global Controller (principal accounting officer)

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