MONSTER WORLDWIDE INC
Form 10-K/A
December 13, 2006

QuickLinks -- Click here to rapidly navigate through this document

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-K/A

ý **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2005**

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15 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)	(I.R.S. 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)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:

Common Stock, par value $.001 per share

Indicate by checkmark if the registrant is a well-known seasoned issuer, as defined under Rule 405 of the Securities Act. Yes ý No o

Indicate by checkmark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No ý

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 o No ý

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K/A or any amendment to this Form 10-K/A. ý

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). Large accelerated filer ý Accelerated filer o Non-accelerated filer o

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

The aggregate market value of the voting stock held by non-affiliates of the registrant was approximately $3,133,721,175 as of the last business day of the registrant's second fiscal quarter of 2005.

The number of shares of common stock, $.001 par value, outstanding as of February 8, 2006 was approximately 126,440,398.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive Proxy Statement used in connection with its 2006 Annual Meeting of Stockholders are incorporated by reference into Part III of this report.

EXPLANATORY NOTE

Monster Worldwide, Inc. ("Monster Worldwide" or the "Company") is amending its Annual Report on Form 10-K for the year ended December 31, 2005 (the "Form 10-K" or the "Original Filing"). 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. This amended Form 10-K/A reflects the restatement of our consolidated financial statements as of December 31, 2005 and 2004 and for the years ended December 31, 2005, 2004 and 2003, as previously reported in the Original Filing. We have also included under "Item 6. Selected Financial Data," restated financial information as of and for the years ended December 31, 2002 and 2001.

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.

The consolidated financial statements and related financial information contained in the Company's Annual Reports on Form 10-K through December 31, 2005 should be read only in conjunction with the information contained in this Form 10-K/A. See Note 2 of our consolidated financial statements included in this Form 10-K/A 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. 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 December 31, 2005 and 2004 and for the years ended December 31, 2005, 2004 and 2003, the selected financial information as of and for the years ended December 31, 2002 and 2001 and the quarterly periods in 2005 and 2004 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 affected 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).

The Company has restated its consolidated financial statements for the years ended December 31, 2005, 2004 and 2003 and all quarterly periods in 2005 and 2004. The impacts of the restatement adjustments extended to annual periods back to the year ended December 31, 1997 through the year ended December 31, 2005. In these restated consolidated financial statements, the cumulative compensation expense, including the related income tax impact, as of December 31, 2002 is recognized as a net increase to beginning accumulated deficit as of December 31, 2002. In addition, for purposes of the "Selected Financial Data" for the years ended December 31, 2002 and 2001, the cumulative compensation expense from January 1, 1997 through December 31, 2000 has been recognized as an increase to beginning accumulated deficit as of January 1, 2001 and the 2001 and 2002 impacts associated with such items have been reflected in the Company's balance sheet and statement of operations data set forth in Item 6 "Selected Financial Data" in this Form 10-K/A.

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 statement of operations for the periods presented below:

	Years Ended December 31,					Cumulative (January 1, 1997 through December 31, 2000)(c)
Category of adjustments: (in thousands)	**2005(a)**	**2004(a)**	**2003(a)**	**2002(b)**	**2001(b)**	
Stock option grant date changes continuing operations(d)	$ 12,239	$ 13,118	$ 23,529	$ 33,638	$ 46,400	$ 88,862
Stock option grant date changes discontinued operations	494	2,946	11,168	22,851	34,392	49,949
Pre-tax stock option expense adjustments	**12,733**	**16,064**	**34,697**	**56,489**	**80,792**	**138,811**
Income tax impact on grant date changes continuing operations	(3,377)	(3,499)	(5,806)	(8,000)	(11,327)	(21,853)
Income tax impact on grant date changes discontinued operations	(118)	(694)	(1,931)	(3,546)	(5,270)	(7,035)
Income tax adjustments related to IRC 162(m) resulting from adjustments due to grant date changes continuing operations		2,497			1,386	917
Income tax benefit	**(3,495)**	**(1,696)**	**(7,737)**	**(11,546)**	**(15,211)**	**(27,971)**
Net charge to net income (loss)	$ 9,238	$ 14,368	$ 26,960	$ 44,943	$ 65,581	$ 110,840

(a) See Note 2 of our consolidated financial statements included in this Form 10-K/A for additional information regarding the adjustments made to our restated consolidated financial statements.

(b) The impact on the 2002 and 2001 periods has been reflected in Item 6. Selected Financial Data in this Form 10-K/A which is derived from the unaudited consolidated financial statements of Monster Worldwide, Inc.

(c)

The cumulative effect of the stock option adjustments from January 1, 1997 through December 31, 2000 is reflected as an adjustment to retained deficit in the 2001 period in Item 6, Selected Financial Data. The following is a summary of the pre-tax and after-tax expense by year:

(in thousands)	(As previously reported) Net income	Pre-tax adjustments	Income tax benefit	(As restated) Net income (loss)
Year Ended December 31, 1997	$ 61,302	$ (9,461)	$ 2,280	$ 54,121
Year Ended December 31, 1998	46,218	(7,086)	1,767	40,899
Year Ended December 31, 1999	8,158	(42,916)	8,863	(25,895)
Year Ended December 31, 2000	50,863	(79,348)	15,061	(13,424)
Cumulative effect		**$ (138,811)**	**$ 27,971**	

(d)

Non-cash stock based compensation expenses have been recorded as adjustments to the "Salaries and related" line item in our consolidated statements of operations for each period.

The effects of these restatements are reflected in the financial statements and other supplemental data, including the unaudited quarterly data for 2005 and 2004 and selected financial data included in this Form 10-K/A. We have not amended and do not intend to amend any of our previously filed annual reports on Form 10-K for the periods affected by the restatement or adjustments other than in this Annual Report on Form 10-K/A or any of our previously filed Quarterly Reports on Form 10-Q for any period prior to December 31, 2005.

The Company was unable to timely file its Quarterly Reports on Form 10-Q for the quarters ended June 30, 2006 and September 30, 2006, primarily due to the unavailability of reliable financial information for the 2005 periods. The Company's Form 10-Q for the quarter ended June 30, 2006 is being filed concurrently with this Form 10-K/A as well as the Company's Form 10-Q/A for the quarter ended March 31, 2006. The Company expects to file a Quarterly Report on Form 10-Q for the quarter ended September 30, 2006 within the next two weeks of this filing date.

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. As a result of that examination, the Company has determined to expand the disclosure of related party transactions by including in this Form 10-K/A, the information required by Part III that in the original filing on Form 10-K had been incorporated by reference to the Company's Proxy Statement. 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.

For the convenience of the reader, this amended Annual Report on Form 10-K/A sets forth the Original Filing in its entirety, as amended where necessary, to reflect the restatement. The following Items have been amended principally as a result of, and to reflect, the restatement, and to a lesser extent, to reflect changes in management and certain transactions with Mr. McKelvey and his affiliates:

Part I Item 1A.	Risk Factors
Part I Item 3.	Legal Proceedings
Part II Item 6.	Selected Financial Data
Part II Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations
Part II Item 8.	Financial Statements and Supplementary Data
Part II Item 9A.	Controls and Procedures
Part III Item 10.	Directors and Executive Officers of the Registrant
Part III Item 11.	Executive Compensation
Part III Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters
Part III Item 13.	Certain Relationships and Related Transactions
Part IV Item 15.	Exhibits and Financial Statement Schedules

The other Items of the Original Filing have not been amended in this Form 10-K/A.

Special Note About Forward-Looking Statements

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/or 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. Except as otherwise noted and specifically stated to be made as of a different date all forward-looking statements are made as of February 16, 2006, the original filing date of our Annual Report on Form 10-K for the year ended December 31, 2005. In addition, except for the amended Items listed above, this Form 10-K/A does not reflect events occurring after the filing of our Annual Report on Form 10-K filed on February 16, 2006 other than the restatement and additional disclosures of related party transactions with Mr. McKelvey and we undertake no obligation to update the forward-looking statements in this Annual Report on Form 10-K/A.

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 this report.

ITEM 1. BUSINESS

Introduction

Founded in 1967, Monster Worldwide, Inc. is the parent company of Monster, the leading global online careers property. We also own TMP Worldwide, one of the world's largest recruitment advertising agency networks. Our clients range from Fortune 100 companies to small and medium-sized enterprises and government agencies.

We are headquartered in New York with approximately 4,800 employees globally. Our executive offices are located at 622 Third Avenue, New York, New York 10017. Our telephone number is (212) 351-7000 and our Internet address is *www.monsterworldwide.com*. We make all of our filings with the Securities and Exchange Commission ("SEC") available on our website, free of charge, under the caption "Investor Relations SEC Filings." Included in these filings are our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to those reports, which are available as soon as reasonably practical after we electronically file or furnish such materials with the SEC pursuant to Section 13(a) or 15(d) of the Securities and Exchange Act of 1934.

Our Strategy

Monster Worldwide's long-term business strategy is designed to further our primary goal of capitalizing on the significant opportunity we perceive in the global online recruitment marketplace. Our strategy currently revolves around four central priorities that we believe are critical to our long-term success:

Focus on Monster. We believe that concentrating our resources and energy on online recruitment, and specifically focusing on the Monster brand and businesses, will best enable us to capitalize on the long-term opportunity and dynamic operating conditions within online recruitment. By streamlining our operating portfolio and increasing internal and external investments in online recruitment, we have simplified our strategy and operations. As a result, we believe that we have improved our ability to achieve higher long-term growth rates and the potential for greater profit margins.

Expand and execute internationally. The online recruitment opportunity is global in nature, and as Internet penetration and eCommerce adoption progress overseas, we see attractive new market opportunities for Monster. We intend to participate in the international opportunity by projecting elements of our product, operating plan and strategy into overseas markets, and we will continue to examine opportunities to bolster our international profile, whether by acquisition or internal investment.

Lead locally. Recruitment advertising is predominantly a local business, and Monster seeks to establish brand recognition, seeker traffic and employer relationships on a local basis throughout our organization. In North America, we continue to pursue local leadership through targeted marketing efforts, localized websites and local sales efforts. Internationally, we tend to rely upon local management and customized market-specific sales and marketing strategies as well.

Leverage multiple sales channels. We are a sales-driven company, and we are committed to developing and extending an array of sales forces and selling approaches in order to best match customer needs and preferences. In the Enterprise portion of our business we focus on larger businesses, with larger sums available to spend, and we strive to add new products and services that will allow us to penetrate clients' human resources budgets more deeply. In the Small to Medium-Sized Businesses ("SMBs") portion of our business, we emphasize customer acquisition and seek to increase our coverage of the available customer base over time. Our self-service eCommerce sales channel allows advertisers to post jobs with greater flexibility and control, while also enabling us to better and more efficiently serve smaller customers with less frequent recruitment needs.

Our Services

We operate in two business segments: Monster and Advertising & Communications. For the year ended December 31, 2005, these segments represented approximately 83% and 17% of our revenue, respectively. During the year ended December 31, 2005, we disposed of our Directional Marketing business segment.

Monster

Monster, the leading global online career property and our flagship brand, connects companies with the most qualified career-minded individuals and offers innovative technology and superior services that give employers more control over the recruiting process. We have been able to capitalize on Monster's brand and create worldwide awareness by offering online recruiting solutions that we believe are redefining the way employers and job seekers connect. These tools, which include searchable job postings, a résumé database, and career management content and advice, provide users with more control over the employment process. Monster's job search, résumé posting services and basic networking are free to the job seeker. Monster also offers premium career services at a fee to job seekers. Employers and human resources professionals pay to post jobs, search Monster's résumé database, and utilize career site hosting and applicant tracking systems and other ancillary services. In addition, Monster offers Internet advertising to a wide variety of businesses that seek to market their products and services through a broad and diverse network of online properties.

Since its launch in 1994, Monster has evolved from a job board to an online platform for managing many key events over the course of one's career path, and we have developed our Monster business with such key events in mind. For example, our Fastweb service is designed to assist secondary school students in their search for universities and scholarships. MonsterTRAK is used by over 2,800 colleges and universities to post entry-level jobs and internships for their enrolled students and alumni. Our Monster global network provides opportunities and advice for individuals seeking entry and mid-career level positions. In addition to its job search and résumé posting capabilities, job-seekers obtain advice on interviewing skills, résumé writing, salary and benefits information and networking opportunities.

Historically, Monster has targeted the enterprise market, or those businesses that we consider to be among the 1,500 largest organizations globally. More recently, we have concentrated our efforts on expanding Monster's reach to include government organizations and SMBs (those businesses with approximately 10 to 2,000 employees) that operate primarily in local and regional markets. We believe that SMBs comprise a largely untapped market of over 2 million businesses in the U.S. alone.

With our 2005 expansion into South Korea and China, through our 40% investment in ChinaHR, we now offer our unique online recruitment knowledge in 24 countries, serving a total population of over 3 billion people. Our international operations showed the most significant revenue growth in 2005, a trend that we expect to continue. We currently estimate that approximately 25% of spending for recruitment advertising in North America is in the online category, compared with 21% in our Asian markets and only 9% in our European markets. As a result of the lower market penetration rates in Europe, we began to focus more resources and advertising dollars there in 2005. We believe that our Monster product offerings and leadership position will allow us develop this industry and expand online infiltration much further in the years ahead. Our Monster Employment Index, a measure of online job posting activity across a variety of online recruitment websites, supports our thesis that help-wanted advertising continues to migrate online. In 2005, the Index posted a 28% increase, tracking closely with U.S. payroll increases, compared to a relatively flat change in the Conference Board's Help Wanted index, which measures print-based help wanted ads.

Advertising & Communications

Our TMP Worldwide Advertising & Communications business specializes in designing global, national or local recruitment advertising campaigns for top tier Fortune 500 clients and government agencies. We entered the recruitment advertising business in 1993, when its main focus was on newspaper help-wanted advertising, and have since expanded this business through organic growth and acquisitions. Although a large portion of our Advertising & Communications division's revenue is still earned by placing help-wanted advertisements in traditional media such as newspapers, we have expanded our services to assist our clients in achieving their objective of positioning themselves as employers of choice, allowing them to attract and retain the most qualified candidates. Our Advertising & Communications division has also rapidly embraced web-based recruitment solutions and created a balanced portfolio of value added products and services. As a result, we are able to offer bundled recruitment strategies tailored to our clients' specific needs. In addition to recruitment advertising, such services and strategies include employee retention programs, creative design, website development, résumé screening and media planning. During 2006, the Company disposed of its global Advertising & Communications business in five separate transactions, to focus its resources on the Monster business. See Note 17 to the consolidated financial statements for further discussion.

Sales and Marketing

We maintain separate sales and marketing staffs for our Monster and Advertising & Communications businesses. The sales force for our Monster business consists of Telesales and Field sales. Within these groups are specialty units dedicated to serving our vertical markets, such as enterprise, small-medium sized businesses, government, healthcare and staffing. Our Telesales staff is primarily responsible for telemarketing and customer service for small to medium sized clients and is located in our call centers in Indianapolis, Indiana, Maynard, Massachusetts, Tempe, Arizona, Amsterdam, the Netherlands, Frankfurt, Germany, Glasgow, Scotland and Marseilles, France. Our Field sales staff focuses on both local and national clients and is dispersed throughout our offices globally. In addition to the sales generated by our sales force, we have built self service functionality into our Monster websites, which we call our e-Commerce product. e-Commerce offers our clients much of the same functionality and flexibility as interfacing with a sales professional while allowing them to control their own candidate search. Our sales professionals often make follow-up calls to clients that use e-Commerce.

Our sales, marketing and customer service staffs are broadly divided into two groups: (i) new business generation and (ii) existing client relationship maintenance and improvement. In addition to specializing by product, each group is both accountable for and compensated for cross-selling other products within our existing client base. Each sales force also designs targeted selling campaigns for potential clients.

We use sponsorships and broad based media, such as broadcast television, the Internet, radio, business, consumer and trade publications, to market and promote the Monster, Monster Worldwide and TMP Worldwide brands.

Customers

Our customers are comprised of individuals, small and medium-sized organizations, enterprise organizations, federal, state and local government agencies and educational institutions. No one client accounts for more than 5% of our total annual revenue.

Competition

The markets for our services and products are highly competitive and are characterized by pressure to reduce prices, incorporate new capabilities and technologies, and accelerate job completion schedules. We face competition from a number of sources. These sources include media companies (primarily newspaper publishers), other employment-related websites, Internet portals, national and regional advertising agencies and marketing communication firms. Many advertising agencies, media companies and newspaper publishers have internally developed or acquired new media capabilities such as online recruitment websites. New boutique businesses that provide integrated or specialized services (such as advertising services or website design) and are technologically proficient, especially in the new media arena, are also competing with us. Many of our competitors or potential competitors have long operating histories, and some have greater financial, management, technological, development, sales, marketing and other resources than we do. In addition, our ability to maintain our existing clients and generate new clients depends to a significant degree on the quality of our services, pricing and reputation among our clients and potential clients.

Intellectual Property

Our success and ability to compete are dependent in part on the protection of our original content for the Internet and on the intangible value associated with our Internet uniform resource locators ("URLs"), domain names, trademarks, trade names, service marks, patent and other proprietary rights. We rely on copyright laws to protect the original content that we develop for the Internet. In addition, we rely on Federal and state trademark laws to provide additional protection for the identifying marks appearing on our Internet sites. A degree of uncertainty exists concerning the application and enforcement of copyright and trade dress laws to the Internet, and there can be no assurance that existing laws will provide adequate protection for our original content or the appearance of our Internet sites. In addition, because copyright laws do not prohibit independent development of similar content, there can be no assurance that copyright laws will provide any competitive advantage to us.

We also assert common law protection on certain names and marks that we have used in connection with our business activities.

We rely on trade secret and copyright laws to protect the proprietary technologies that we have developed to manage and improve our Internet sites and advertising services, but there can be no assurance that such laws will provide sufficient protection to us, that others will not develop technologies that are similar or superior to ours, or that third parties will not copy or otherwise obtain and use our technologies without authorization. We have obtained one patent and applied for several other patents with respect to certain of our software systems, methods and related technologies, but there can be no assurance that any pending applications will be granted or that any patents will not in the future be challenged, invalidated or circumvented, or that the rights granted thereunder will provide us with a competitive advantage. In addition, we rely on certain technology licensed from third parties, and may be required to license additional technology in the future, for use in managing our Internet sites and providing related services to users and advertising customers. Our ability to generate fees from Internet commerce may also depend on data encryption and authentication technologies that we may be required to license from third parties. There can be no assurance that these third-party technology licenses will be available or will continue to be available to us on acceptable commercial terms or at all. The inability to enter into and maintain any of these technology licenses could significantly harm our business, financial condition and operating results.

Policing unauthorized use of our proprietary technology and other intellectual property rights could entail significant expense and could be difficult or impossible, particularly given the global nature of the Internet and the fact that the laws of other countries may afford us little or no effective protection of our intellectual property. In addition, there can be no assurance that third parties will not bring claims of patent, copyright or trademark infringement against us. We anticipate an increase in patent infringement claims involving Internet-related technologies as the number of products and competitors in this market grows and as related patents are issued. Further, there can be no assurance that third parties will not claim that we have misappropriated their trade secrets, creative ideas or formats or otherwise infringed their proprietary rights in connection with our Internet content or technology. Any claims of infringement, with or without merit, could be time consuming to defend, result in costly litigation, divert management attention, require us to enter into costly royalty or licensing arrangements or prevent us from using important technologies or methods, any of which could significantly harm our business, financial condition and operating results.

Government Regulation

As an advertising agency that creates and places print and Internet advertisements, we are subject to Sections 5 and 12 of the Federal Trade Commission Act (the "FTC Act"), which regulates advertising in all media, including the Internet, and require advertisers and advertising agencies to have substantiation for advertising claims before disseminating advertisements. The FTC Act prohibits the dissemination of false, deceptive, misleading, and unfair advertising, and grants the Federal Trade Commission ("FTC") enforcement powers to impose and seek civil penalties, consumer redress, injunctive relief and other remedies upon advertisers and advertising agencies that disseminate prohibited advertisements. Advertising agencies are subject to liability under the FTC Act if the agency actively participated in creating the advertisement, and knew or had reason to know that the advertising was false or deceptive.

In the event that any advertising created by us was found to be false, deceptive or misleading, the FTC Act could potentially subject us to liability. The fact that the FTC has brought several actions charging deceptive advertising via the Internet, and is actively seeking new cases involving advertising via the Internet, indicates that the FTC Act could pose a somewhat higher risk of liability to the advertising distributed via the Internet. The FTC has never brought any actions against us.

There can be no assurance that other current or new government laws and regulations, or the application of existing laws and regulations, will not subject us to significant liabilities, significantly dampen growth in Internet usage, prevent us from offering certain Internet content or services or otherwise significantly harm our business, financial condition or operating results.

Employees

At February 1, 2006, we employed approximately 4,800 people worldwide. Generally, our employees are not represented by a labor union or collective bargaining agreements except that our employees located in France, Italy and Spain are covered by collective bargaining agreements that are generally prescribed by local labor law. We regard the relationships with our employees as satisfactory.

Executive Officers and Directors

As of December 1, 2006, our executive officers and directors are as follows:

Name	Age	Position
William M. Pastore	58	CEO, President and Director
Charles Baker	39	Senior Vice President and Chief Financial Officer
Paul M. Camara	58	Executive Vice President
John Mclaughlin	50	Executive Vice President
Chris Power	43	Chief Financial Officer-Global Operations
Jonathan Trumbull	39	Global Controller and Chief Accounting Officer
Steven Pogorzelski	44	Group President-International
Bradford J. Baker	41	President-Product, Technology and Service
Douglas Klinger	41	President-Monster Careers North America
George R. Eisele	70	Director
John Gaulding	61	Director
Salvatore Iannuzzi	52	Director
Michael Kaufman	61	Director
Ronald J. Kramer	48	Director
David A. Stein	67	Director
John Swann	70	Director

William M. Pastore joined the Company in October 2002 as Chief Operating Officer and became President and Chief Operating Officer in February 2006 and CEO and a director in October 2006. Prior to joining the Company, Mr. Pastore was President of CIGNA HealthCare from January 1999 to October 2002 and Senior Vice President of CIGNA HealthCare from December 1995 to January 1999. Prior to joining CIGNA HealthCare, Mr. Pastore spent nearly 25 years at Citibank, N.A., in numerous senior operating roles. Mr. Pastore holds a B.S and an M.B.A. from Long Island University.

Charles Baker joined the Company in March 2005 as Senior Vice President and Chief Financial Officer. From June 1993 to March 2005, Mr. Baker served in positions of increasing responsibility in the Equity Research department at Smith Barney, a division of Citigroup, Inc., serving as Managing Director from January 2000 to March 2005. Prior to joining Smith Barney, Mr. Baker spent two years as an Equity Research Analyst at Morgan Stanley & Co. and two years in research assistant positions at Donaldson, Lufkin & Jenrette. Mr. Baker holds a B.A. from Yale College.

Paul M. Camara joined the Company in February 1970. Mr. Camara was elected as a Vice President of the Company in 1978 and as a Senior Vice President in 1987. Mr. Camara served as Executive Vice President-Creative/Sales/Marketing from April 1996 to September 2005, when he was named to his current position. Mr. Camara holds a B.F.A. from the University of Massachusetts-Dartmouth.

John Mclaughlin joined the Company in 1998 upon the acquisition of TASA Worldwide, where he was managing director of the New York office of TASA Worldwide and also served as Chairman of the Strategy Committee for the Board of Directors of TASA. From February 2002 through August 2002, he served as Group President, North America. From September 2002 to March 2003, Mr. Mclaughlin served as Global Director, Search and Selection. Mr. Mclaughlin was appointed to his current position in April 2003, and in December 2004 through September 2005 assumed the additional responsibility of overseeing the Company's business operations in the Asia-Pacific region.

Chris Power joined the Company in April 2002 as Chief Financial Officer of the Monster North America division. He was promoted to the role of Chief Financial Officer for Monster Worldwide North America operations in February 2003 and was appointed to his current position in March 2005. Prior to joining the Company, Mr. Power spent fourteen years with Nortel Networks, primarily in finance and strategy roles. Mr. Power holds a B.A. and an M.B.A. from the University of Toronto.

Jonathan Trumbull joined the Company in October 2002 as Vice President and Corporate Controller and was named to his current position in March 2005. From 1989 to October 2002, Mr. Trumbull was associated with Ernst & Young, most recently as Senior Manager from 1997 to October 2002. Mr. Trumbull holds a B.S. from Villanova University and is a Certified Public Accountant.

Steven Pogorzelski joined the Company in 1992 in the Advertising & Communications division, where he served from 1992 to December 1998. In December 1998, he joined the Monster division and served as Executive Vice President-Global Sales until April 2001. From April 2001 to September 2005, he served as President, Monster North America until which time he was named to his current position. Mr. Pogorzelski holds a B.A. from the University of Wisconsin.

Bradford J. Baker joined the Company in June 2001 and served as Senior Vice President, Consumer Marketing Programs from June 2001 to February 2002, Senior Vice President of Campus from March 2002 to December 2003, Senior Vice President of Product from January 2004 to July 2004, Senior Vice President of Product and Marketing from July 2004 to January 2005, Chief Product and Marketing Officer US from January 2005 to May 2005, Global Chief Product & Marketing Officer from May 2005 to September 2006 and President-Product, Technology and Service from September 2006 to present. In June 1996, Mr. Baker co-founded Making It Count, which was acquired by Collegelink.com Incorporated in February 2000 and by the Company in June 2001. From October 1990 through June 1996, Mr. Baker served as Vice President and General Manager of Graphic Management, a printing communications and graphic arts company. From October 1988 to September 1990, he served as Brand Manager at Kraft Foods. From June 1986 to September 1988, he served as an Assistant Brand Manager at The Procter & Gamble Company. Mr. Baker holds a B.A. from Harvard University.

Douglas Klinger joined the Company in September 2005. From April 2004 to September 2005, Mr. Klinger was President of Bee Mountain LLC, a strategic consulting firm. From 1994 to April 2004, Mr. Klinger served in positions of increasing responsibility with CIGNA Corporation, serving as President of CIGNA Health Services from February 1997 to April 2004, as President & CEO of CIGNA Dental Health, Inc. during 1997 and as Senior Vice President of CIGNA Retirement & Investment Services from 1994 to 1997. Prior to joining CIGNA Corporation, Mr. Klinger served in positions of increasing responsibility with PNC Bank Corp. from 1986 to 1994. Mr. Klinger holds a B.A. from Trinity College.

George R. Eisele has been a director of the Company since September 1987. Mr. Eisele was the Executive Vice President of TMP Direct, the Company's direct marketing business unit, from 1989 until May 2, 2005 when the business unit was sold to GECKO Inc., an entity owned 65% by Mr. Eisele. Following its sale by the Company, Mr. Eisele continues to head TMP Direct as its Chief Executive Officer. Mr. Eisele attended Fairleigh Dickinson University and Drexel University.

John Gaulding has been a director of the Company since June 2001 and also served as a director of the Company from January 1996 to October 1999. Mr. Gaulding is a private investor and business consultant in the fields of strategy and organization. He was Chairman and Chief Executive Officer of National Insurance Group, a publicly traded financial information services company, from April 1996 through July 11, 1996, the date of such company's sale. For six years prior thereto, he was President and Chief Executive Officer of ADP Claims Solutions Group. From 1985 to 1990, Mr. Gaulding was President and Chief Executive Officer of Pacific Bell Directory, the Yellow Pages publishing unit of Pacific Telesis Group. Mr. Gaulding served as Co-Chairman of the Yellow Pages Publishers Association from 1987 to 1990. Mr. Gaulding is a director of ANTs software inc., a developer of data management software, and Yellow Pages Group, a Canadian telephone directories publisher. He holds a B.S. from the University of California at Los Angeles and an M.B.A. from the University of Southern California.

Salvatore Iannuzzi has been a director of the Company since July 2006. Mr. Iannuzzi is a director and President and Chief Executive Officer of Symbol Technologies, Inc. He previously served as the Non-Executive Chairman of the Board of Directors and the Chief Administrative and Control Officer of Symbol Technologies from December 2003 to April 2005. From March 2004 to April 2005, Mr. Iannuzzi was an independent consultant. Prior thereto, from June 2000 to March 2004, Mr. Iannuzzi served as Chief Administrative Officer of CIBC World Markets.

Michael Kaufman has been a director of the Company since October 1997. Until July 1, 2000, Mr. Kaufman was the President of SBC/Prodigy Transition. Mr. Kaufman previously served as President and CEO of Pacific Bell's Consumer's Market Group. Prior thereto, Mr. Kaufman was the President and CEO of Pacific Bell Communications, a subsidiary of SBC Communications Inc., and from 1993 through April 1997 he was the regional president for the Central and West Texas market area of Southwestern Bell Telephone. Mr. Kaufman holds a B.A. and an M.B.A. from the University of Wisconsin.

Ronald J. Kramer has been a director of the Company since February 2000. Mr. Kramer has served as President and a director of Wynn Resorts, Limited, a developer, owner and operator of hotel and casino resorts, since April 2002. Mr. Kramer was previously a managing director of Dresdner Kleinwort Wasserstein (formerly Wasserstein Perella & Co., Inc.) from July 1999 to November 2001. Mr. Kramer is also a member of the board of trustees of Republic Property Trust, a real estate investment trust, and a director of Griffon Corporation, a diversified manufacturing company. Mr. Kramer holds a B.S. from the Wharton School of the University of Pennsylvania and an M.B.A. from New York University Graduate School of Business.

David A. Stein has been a director of the Company since June 2003. Mr. Stein was the Chairman and Chief Executive Officer of Southern Industrial Corporation, the Jacksonville, Florida-area Burger King franchisee of 33 Burger King restaurants until December 2004. Prior thereto, Mr. Stein was a Burger King franchisee for more than 40 years. He is Chairman of Jacksonville-based King Provision Corporation, an approved Burger King food and paper distributor, and Chairman of T.L. Cannon Corporation, a franchisee of Applebee's restaurants in New York and Connecticut. Mr. Stein was a founder of the Jewish Community Alliance in Jacksonville, Florida. He has also served the United Way, the Jacksonville Chamber of Commerce, University Medical Center, University of North Florida, WJCT Public Television and other Jacksonville-area organizations and clubs as an officer or Board member. Mr. Stein attended the University of Florida.

John Swann has been a director of the Company since September 1996. In 1995, Mr. Swann founded Cactus Digital Imaging Systems, Ltd., Canada's largest supplier of electronically produced large format color prints. Mr. Swann sold Cactus Digital Imaging Systems, Ltd. in June 2000.

ITEM 1A. RISK FACTORS

Except as described below, the Company's risk factors included in the Original Filing have not been updated for information or events occurring after the date of the Original Filing. The following risk factors have been added or updated solely to reflect the impact of the restatement described in the Explanatory Note on page 2 above and in Note 2 to our consolidated financial statements included in this Form 10-K/A:

Government investigations and litigation relating to stock option matters are pending, the scope and outcome of which could have a negative effect on the price of our securities, liquidity and business. (Added)

There is volatility in our stock price. (Updated)

Legal proceedings related to our historical stock option grant practices and other issues may significantly harm our business. (Updated)

Government investigations and litigation relating to stock option matters are pending, the scope and outcome of which could have a negative effect on the price of our securities, liquidity and business.

As described in the Explanatory Note on page 2 and in Note 2 of our consolidated financial statements included in this Form 10-K/A, on June 12, 2006, we announced that a committee of independent directors of the Board of Directors (the "Special Committee") was conducting an independent investigation to review the Company's historical stock option grant practices and related accounting. The Special Committee determined that the exercise price for 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. We have been served with a subpoena from the United States Attorney for the Southern District of New York relating to stock option grants. We have also received a direction to preserve all relevant information in anticipation of requests for documents from the Securities and Exchange Commission (the "SEC") in connection with their informal investigation of our stock option grants. We are fully cooperating with the United States Attorney, the SEC and the Department of Justice. In addition, there are shareholder derivative and class action lawsuits which have been filed in New York Federal and State courts relating to our stock option grant practices. We anticipate that additional lawsuits may be filed and are unable to predict the outcome of these government investigations and shareholder lawsuits. These government investigations and other lawsuits may result in substantial legal and professional fees and may continue to occupy our time and attention. These matters may have an adverse impact on our business and our stock price, including increased stock volatility and could also harm our ability to raise additional capital in the future.

We rely on the value of our brands, particularly Monster, and the costs of maintaining and enhancing our brand awareness are increasing.

Our success depends on our brands and their value. Our business would be harmed if we were unable to adequately protect our brand names, particularly Monster. We believe that maintaining and expanding the Monster brand is an important aspect of our efforts to attract and expand our user and client base. We also believe that the importance of brand recognition will increase due to the growing number of Internet sites and the relatively low barriers to entry. We have spent considerable money and resources to date on the establishment and maintenance of the Monster brand. We may spend increasing amounts of money on, and devote greater resources to, advertising, marketing and other brand-building efforts to preserve and enhance consumer awareness of the Monster brand. Despite this, we may not be able to successfully maintain or enhance consumer awareness of the Monster brand and, even if we are successful in our branding efforts, such efforts may not be cost-effective. If we are unable to maintain or enhance consumer awareness of the Monster brand in a cost-effective manner, our business, operating results and financial condition may be harmed significantly.

We are also susceptible to others imitating our products, particularly Monster, and infringing on our intellectual property rights. We may not be able to successfully protect our intellectual property rights, upon which we are dependent. In addition, the laws of foreign countries do not necessarily protect intellectual property rights to the same extent as the laws of the United States. Imitation of our products, particularly Monster, or infringement of our intellectual property rights could diminish the value of our brands or otherwise reduce our revenues.

Our operations have been and will be affected by future global economic fluctuations.

The general level of economic activity in the regions and industries in which we operate significantly affects demand for our services. When economic activity slows, many companies hire fewer employees. Therefore, if there is an economic downturn in the future, especially in regions or industries where our operations are heavily concentrated, our business, financial condition and operating results could be significantly harmed. Further, we may face increased pricing pressures during such periods. There can be no assurance that during these periods our results of operations will not be significantly harmed.

Our operating results fluctuate from quarter to quarter.

Our quarterly operating results have fluctuated in the past and may fluctuate in the future. These fluctuations are a result of a variety of factors, including, but not limited to:

- the timing and amount of existing clients' subscription renewals;
- entering new markets;
- enhancements to existing services;
- the hiring cycles of employers;
- changes in general economic conditions, such as recessions, that could affect recruiting efforts generally and online recruiting efforts in particular;
- the magnitude and timing of marketing initiatives;
- the maintenance and development of our strategic relationships;
- our ability to manage our anticipated growth and expansion;
- our ability to attract and retain customers;
- technical difficulties or system downtime affecting the Internet generally or the operation of our products and services specifically; and
- the timing and integration of our acquisitions.

We face risks relating to developing technology, including the Internet.

The market for Internet products and services is characterized by rapid technological developments, frequent new product introductions and evolving industry standards. The emerging character of these products and services and their rapid evolution will require our continuous improvement in the performance, features and reliability of our Internet content, particularly in response to competitive offerings. We may not be successful in responding quickly, cost effectively and sufficiently to these developments. In addition, the widespread adoption of new Internet technologies or standards could require us to make substantial expenditures to modify or adapt our websites and services. This could harm our business, financial condition and operating results.

The online recruiting market continues to evolve. The adoption of online recruiting and job seeking services, particularly among those companies that have historically relied upon traditional recruiting methods, requires the acceptance of a new way of conducting business, exchanging information, advertising and applying for jobs. Many of our potential customers, particularly smaller companies, have little or no experience using the Internet as a recruiting tool, and only select segments of the job-seeking population have experience using the Internet to look for jobs. Companies may not continue to allocate portions of their budgets to Internet-based recruiting and job seekers may not use online job seeking methods. As a result, we may not be able to effectively compete with traditional recruiting and job seeking methods. If Internet-based recruiting does not remain widely accepted or if we are not able to anticipate changes in the online recruiting market, our business, financial condition and operating results could be significantly harmed.

New Internet services or enhancements that we have offered or may offer in the future may contain design flaws or other defects that could require expensive modifications or result in a loss of client confidence. Any disruption in Internet access or in the Internet generally could significantly harm our business, financial condition and operating results. Slower response times or system failures may also result from straining the capacity of our software, hardware or network infrastructure. To the extent that we do not effectively address any capacity constraints or system failures, our business, results of operations and financial condition could be significantly harmed.

Trends that could have a critical impact on our success include:

- rapidly changing technology in online recruiting;
- evolving industry standards relating to online recruiting;
- developments and changes relating to the Internet;
- evolving government regulations;
- competing products and services that offer increased functionality; and
- changes in employer and job seeker requirements.

We rely heavily on our information systems and if our access to this technology is impaired or interrupted, or we fail to further develop our technology, our business could be harmed.

Our success depends in large part upon our ability to store, retrieve, process and manage substantial amounts of information, including our client and candidate databases. To achieve our strategic objectives and to remain competitive, we must continue to develop and enhance our information systems. This may require the acquisition of equipment and software and the development, either internally or through independent consultants, of new proprietary software. Our inability to design, develop, implement and utilize, in a cost-effective manner, information systems that provide the capabilities necessary for us to compete effectively, or any interruption or loss of our information processing capabilities, for any reason, could harm our business, results of operations or financial condition.

Our markets are highly competitive.

The markets for our services are highly competitive. They are characterized by pressures to:

- reduce prices;
- incorporate new capabilities and technologies; and
- accelerate job completion schedules.

Furthermore, we face competition from a number of sources. These sources include:

traditional media companies, including newspapers;

Internet portals and other job-related websites;

specialized and integrated marketing communication firms; and

national and regional advertising agencies.

Many of our competitors or potential competitors have long operating histories, and some may have greater financial resources, management, technological development, sales, marketing and other resources than we do. In addition, our ability to maintain our existing clients and attract new clients depends to a large degree on the quality of our services and our reputation among our clients and potential clients.

Due to competition, we may experience reduced margins on our products and services, loss of market share or less use of Monster by job seekers and our customers. If we are not able to compete effectively with current or future competitors as a result of these and other factors, our business, financial condition and results of operations could be significantly harmed.

We have no significant proprietary technology that would preclude or inhibit competitors from entering the online advertising or recruitment advertising markets. Existing or future competitors may develop or offer services and products which provide significant performance, price, creative or other advantages over our services. This could significantly harm our business, financial condition and operating results.

We are vulnerable to intellectual property infringement claims brought against us by others and we may not have sufficient protection for our own intellectual property.

Successful intellectual property infringement claims against us could result in monetary liability or a material disruption in the conduct of our business. We cannot be certain that our products, content and brand names do not or will not infringe valid patents, copyrights or other intellectual property rights held by third parties. We expect that infringement claims in our markets will increase in number. We may be subject to legal proceedings and claims from time to time relating to the intellectual property of others in the ordinary course of our business. If we were found to have infringed the intellectual property rights of a third party, we could be liable to that party for license fees, royalty payments, profits or damages, and the owner of the intellectual property might be able to prevent us from using the technology or software in the future. If the amounts of these payments were significant or we were prevented from incorporating certain technology or software into our products, our business could be significantly harmed.

We may incur substantial expenses in defending against these third party infringement claims, regardless of their merit. As a result, due to the diversion of management time, the expense required to defend against any claim and the potential liability associated with any lawsuit, any significant litigation could significantly harm our business, financial condition and results of operations.

If we are unable to protect our proprietary rights or maintain our rights to use key technologies of third parties, our business may be harmed.

A degree of uncertainty exists concerning the application and enforcement of copyright and trade dress laws to the Internet, and existing laws may not provide us adequate protection for our original content or the appearance of our Internet sites. In addition, because copyright laws do not prohibit independent development of similar content, copyright laws may not provide us with any competitive advantage. We have obtained one patent and applied for other patents with respect to certain of our software systems, methods and related technologies, but our pending applications may not be granted and any patents issued to us may in the future be challenged, invalidated or circumvented, and the rights granted thereunder may not provide us with a competitive advantage. Policing unauthorized use of our proprietary technology and other intellectual property rights could involve significant expense and could be difficult or impossible, particularly given the global nature of the Internet and the fact that the laws of certain other countries may afford us little or no effective protection of our intellectual property.

In addition, we rely on certain technology licensed from third parties, and may be required to license additional technology in the future for use in managing our Internet sites and providing related services to users and advertising customers. Our ability to generate fees from Internet commerce may also depend on data encryption and authentication technologies that we may be required to license from third parties. These third-party technology licenses may not continue to be available to us on acceptable commercial terms or at all. The inability to enter into and maintain any of these technology licenses could significantly harm our business, financial condition and operating results.

Computer viruses may cause our systems to incur delays or interruptions.

Computer viruses may cause our systems to incur delays or other service interruptions and could damage our reputation which in turn, could significantly harm our business, financial condition and operating results. The inadvertent transmission of computer viruses could expose us to a material risk of loss or litigation and possible liability. Our system's continuing and uninterrupted performance is critical to our success. Customers and job seekers may become dissatisfied by any system failure that interrupts our ability to provide our services to them, including failures affecting our ability to serve Web page requests without significant delay to the viewer. Sustained or repeated system failures would reduce the attractiveness of our solutions to customers and job seekers and result in reduced traffic or contract terminations, fee rebates and make goods, thereby reducing revenues. Moreover, if a computer virus affecting our system is highly publicized, our reputation could be significantly damaged and our visitor traffic may decrease.

Acquisitions could result in operating difficulties and unanticipated liabilities.

Historically, we have grown in part by making acquisitions. Acquisitions may result in dilutive issuances of equity securities, use of our cash resources, incurrence of debt and amortization of expenses related to intangible assets. Our acquisitions can be accompanied by a number of risks, including:

- the difficulty of integrating the operations and personnel of our acquired companies into our operations;
- the potential disruption of our ongoing business and distraction of management;
- the difficulty of integrating acquired technology and rights into our services and unanticipated expenses related to such integration;
- the impairment of relationships with customers and partners of the acquired companies or our customers and partners as a result of the integration of acquired operations;
- the impairment of relationships with employees of the acquired companies or our employees as a result of integration of new management personnel;
- the difficulty of integrating the acquired company's accounting, management information, human resources and other administrative systems;
- in the case of foreign acquisitions, uncertainty regarding foreign laws and regulations and difficulty integrating operations and systems as a result of cultural, systems and operational differences; and
- the impact of known potential liabilities or unknown liabilities associated with the acquired companies.

Our failure to be successful in addressing these risks or other problems encountered in connection with our past or future acquisitions could cause us to fail to realize the anticipated benefits of our acquisitions, incur unanticipated liabilities and harm our business generally.

We have had and may face future difficulties managing growth.

Historically, our business grew rapidly, both internally and through acquisitions. This expansion resulted in substantial growth in the number of our employees, and put a significant strain on our management and operations. If our business grows rapidly again in the future, we expect it to result in increased responsibility for management personnel, and incremental strain on our operations, and financial and management systems. Our success under such conditions will depend to a significant extent on the ability of our executive officers and other members of senior management to operate effectively both independently and as a group. If we are not able to manage future growth, our business, financial condition and operating results may be harmed.

Our divested businesses have agreed to indemnify us of liabilities that are related to their operations. If one or more of those businesses fails to meet its obligations, our financial condition and results of operations may be harmed.

On March 31, 2003 we completed the spin-off of Hudson Highland Group, Inc. ("HH Group") to our stockholders and on June 1, 2005 we sold our Directional Marketing business. During 2006, the Company disposed of its global Advertising & Communications business in five separate transactions, to focus its resources on the Monster business. As a result of these divestitures, each business has agreed to indemnify us from certain liabilities related to their operations. If, for whatever reason, a claim is made for which we do not receive indemnification, our financial condition and results of operations could be significantly harmed.

We face risks relating to our foreign operations.

We conduct operations in 26 countries, including Australia, Belgium, Canada, China, France, Germany, India, Ireland, Italy, the Netherlands, Singapore, South Korea, Spain and the United Kingdom. Approximately 29%, 27% and 26%, of our total revenue was earned outside of the United States in the years ended December 31, 2005, 2004 and 2003, respectively. Such amounts are collected in the local currency. In addition, we generally pay operating expenses in the corresponding local currency. Therefore, we are at risk for exchange rate fluctuations between such local currencies and the United States dollar. We are also subject to taxation in foreign jurisdictions. In addition, transactions between our foreign subsidiaries and us may be subject to United States and foreign withholding taxes. Applicable tax rates in foreign jurisdictions differ from those of the United States, and change periodically. The extent, if any, to which we will receive credit in the United States for taxes we pay in foreign jurisdictions will depend upon the application of limitations set forth in the Internal Revenue Code of 1986, as well as the provisions of any tax treaties that may exist between the United States and such foreign jurisdictions. Our current or future international operations might not succeed for a number of reasons including:

- difficulties in staffing and managing foreign operations;
- competition from local recruiting services;
- operational issues such as longer customer payment cycles and greater difficulties in collecting accounts receivable;
- seasonal reductions in business activity;
- language and cultural differences;
- legal uncertainties inherent in transnational operations such as export and import regulations, tariffs and other trade barriers;
- taxation issues;

- changes in trading policies and regulatory requirements;
- issues relating to uncertainties of laws and enforcement relating to the regulation and protection of intellectual property; and
- general political and economic trends.

Also, if we are forced to discontinue any of our international operations, we could incur material costs to close down such operations.

We depend on our key management personnel.

Our continued success will depend to a significant extent on our senior management. The loss of the services of our executive officers could significantly harm our business, financial condition and operating results. In addition, if one or more key employees join a competitor or form a competing company, the resulting loss of existing or potential clients could significantly harm our business, financial condition and operating results.

We are influenced by a principal stockholder.

Andrew J. McKelvey beneficially owns all of our outstanding Class B common stock and a large number of shares of our common stock, which, together with his Class B common stock ownership, represents approximately 33% of the combined voting power of all classes of our voting stock as of December 31, 2005. Mr. McKelvey can strongly influence the election of all of the members of our board. He can also exercise significant influence over our business and affairs. This includes any determinations with respect to mergers or other business combinations, the acquisition or disposition of our assets, whether or not we incur indebtedness, the issuance of any additional common stock or other equity securities and the payment of dividends with respect to common stock.

We may be required to record a significant charge to earnings if our goodwill or amortizable intangible assets become impaired.

We are required under generally accepted accounting principles to review our amortizable intangible assets for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. Goodwill is required to be tested for impairment at least annually. Factors that may be considered a change in circumstances indicating that the carrying value of our amortizable intangible assets may not be recoverable include a decline in stock price and market capitalization, slower growth rates in our industry or other materially adverse events. We may be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill or amortizable intangible assets is determined. This may adversely impact our results of operations. As of December 31, 2005, our goodwill and amortizable intangible assets were $735.7 million.

Effects of anti-takeover provisions could inhibit the acquisition of Monster Worldwide by others.

Some of the provisions of our certificate of incorporation, bylaws and Delaware law could, together or separately:

- discourage potential acquisition proposals;
- delay or prevent a change in control; and
- limit the price that investors might be willing to pay in the future for shares of our common stock.

In particular, our board of directors may authorize the issuance of up to 800,000 shares of preferred stock with rights and privileges that might be senior to our common stock, without the consent of the holders of the common stock. Our certificate of incorporation and bylaws provide, among other things, for advance notice of stockholder proposals and director nominations.

There is volatility in our stock price.

The market for our common stock has, from time to time, experienced extreme price and volume fluctuations. Factors such as announcements of variations in our quarterly financial results and fluctuations in revenue could cause the market price of our common stock to fluctuate significantly. In addition, the stock market in general, and the market prices for Internet-related companies in particular, have experienced volatility that often has been unrelated to the operating performance of such companies. These broad market and industry fluctuations may adversely affect the price of our stock, regardless of our operating performance. Additionally, volatility or a lack of positive performance in our stock price may adversely affect our ability to retain key employees, some of whom have been granted equity compensation.

The market price of our common stock can be influenced by stockholders' expectations about the ability of our business to grow and to achieve certain profitability targets. If our financial performance in a particular quarter does not meet the expectations of our stockholders, it may adversely affect their views concerning our growth potential and future financial performance. In addition, if the securities analysts who regularly follow our common stock lower their ratings of our common stock, the market price of our common stock is likely to drop significantly.

The market price of our common stock may react negatively to further updates and announcements regarding the government investigations and litigation proceedings related to our historical stock option grant practices.

We face risks associated with government regulation.

As an advertising agency that creates and places print and Internet advertisements, we are subject to Sections 5 and 12 of the Federal Trade Commission Act of 1914, also known as the FTC Act. These sections regulate advertising in all media, including the Internet, and require advertisers and advertising agencies to have substantiation for advertising claims before disseminating advertisements. The FTC Act prohibits the dissemination of false, deceptive, misleading, and unfair advertising, and grants the FTC enforcement powers to impose and seek civil penalties, consumer redress, injunctive relief and other remedies upon advertisers and advertising agencies that disseminate prohibited advertisements. Advertising agencies like us are subject to liability under the FTC Act if the agency actively participated in creating the advertisement, and knew or had reason to know that the advertising was false or deceptive.

In the event that any advertising that we have created is found to be false, deceptive or misleading, the FTC Act could potentially subject us to liability. The fact that the FTC has brought several actions charging deceptive advertising via the Internet, and is actively seeking new cases involving advertising via the Internet, indicates that the FTC Act could pose a somewhat higher risk of liability to advertising distributed via the Internet. The FTC has never brought any actions against us. Other current or new government laws and regulations, or the application of existing laws and regulations may:

- significantly dampen growth in Internet usage;
- prevent us from offering certain Internet content or services; or
- otherwise significantly harm our business, financial condition and operating results.

There are currently few laws or regulations directly applicable to the Internet. The application of existing laws and regulations to our web sites, particularly Monster, relating to issues such as user privacy, security of data, defamation, advertising, taxation, promotions, content regulation, and intellectual property ownership and infringement can be unclear. In addition, we will also be subject to new laws and regulations directly applicable to our activities. Any existing or new legislation applicable to us could expose us to substantial liability, including significant expenses necessary to comply with such laws and regulations, and dampen growth in Internet usage.

The federal CAN-SPAM Act and state anti-spam laws impose certain requirements on the use of e-mail. The implications of these laws have not been fully tested. Portions of our business rely on e-mail to communicate with consumers on our behalf and for our clients. We may face risk if our use of e-mail is found to violate the federal law or applicable state law.

We post our privacy policy and practices concerning the use and disclosure of user data on our websites. Any failure by us to comply with our posted privacy policy or other privacy-related laws and regulations could result in proceedings which could potentially harm our business, results of operations and financial condition. In this regard, there are a large number of legislative proposals before the United States Congress and various state legislative bodies regarding privacy issues related to our business. It is not possible to predict whether or when such legislation may be adopted, and certain proposals, if adopted, could significantly harm our business through a decrease in user registrations and revenues. This could be caused by, among other possible provisions, the required use of disclaimers or other requirements before users can utilize our services.

Due to the global nature of the Internet, it is possible that the governments of other states and foreign countries might attempt to regulate its transmissions or prosecute us for violations of their laws. We might unintentionally violate such laws or such laws may be modified and new laws may be enacted in the future. Any such developments (or developments stemming from enactment or modification of other laws) may significantly harm our business, operating results and financial condition.

Legal proceedings related to our historical stock option grant practices and other issues may significantly harm our business.

Several lawsuits have been filed against us and current and former officers and members of the Board of Directors in connection with our prior stock option practices. These lawsuits are described more fully in Item 3. "Legal Proceedings" and in Note 17 to our consolidated financial statements contained in this Form 10-K/A. Defending these lawsuits will result in significant expenditures and the continued diversion of our management's time and attention from the operation of our business, which could have a negative effect on business operations.

From time to time, we may become involved in other litigation or other proceedings. It is possible that such litigation or proceedings may significantly harm our future results of operations or financial condition due to expenses we may incur to defend ourselves or the ramifications of an adverse decision.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

Substantially all of our offices are located in leased premises.

We occupy approximately 26,000 square feet of space at our principal office located at 622 Third Avenue, New York, New York. Including the space that we occupy, we lease a total of 104,000 square feet of space, at our principal office location, under an agreement expiring in July 2015. Monthly payments under the lease agreement are approximately $463,000. Our former staffing division, now Hudson Highland Group, Inc., subleases approximately 52,000 square feet of space at our principal office location for approximately $231,500 per month, with the remaining space sublet to another third-party lessee.

We also have leases covering local offices throughout the United States and in the foreign countries where we have operations.

All leased space is considered to be adequate for the operation of our business, and no difficulties are foreseen in meeting any future space requirements.

ITEM 3. LEGAL PROCEEDINGS

This section is being amended to reflect additional disclosure under "Stock Option Litigation" related to our government investigations and derivative lawsuits in state and federal court. There were no material legal proceedings disclosed as of December 31, 2005.

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. The Company may incur additional costs to address certain of these forfeited stock options.

We 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 our 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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON STOCK, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The common stock of the Company is listed on The Nasdaq Stock Market, Inc. ("Nasdaq") under the symbol "MNST." The common stock was first traded on the Nasdaq on December 13, 1996, the day after the underwritten initial public offering of shares of the Company's common stock. Prior to the offering there was no established public trading market for the Company's shares.

As of February 8, 2006, there were 1,483 stockholders of record of our common stock and the last reported sale price of our stock as reported by the Nasdaq was $47.59.

We have never declared or paid any cash dividends on our stock. We currently anticipate that all future earnings will be retained by the Company to support our growth strategy or to repurchase shares of our common stock. Accordingly, we do not anticipate paying cash dividends on our stock for the foreseeable future. The payment of any future dividends will be at the discretion of our Board of Directors and will depend upon, among other things, future earnings, operations, capital requirements, our general financial condition, contractual restrictions and general business conditions. Our current financing agreement entered into on January 14, 2005, restricts the payment of dividends on our stock. On March 31, 2003, we paid a non-cash dividend consisting of all of the stock of HH Group to our stockholders of record on March 14, 2003.

The information regarding market and market price range of our common stock may be found in "Financial Information by Quarter (Unaudited)" in Item 8 of this Form 10-K/A.

Issuer Purchases of Equity Securities

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. A summary of the Company's repurchase activity for 2005 is as follows:

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)]
November 10 November 30		N/A		$100,000,000
December 1 December 31	200,000	$39.53	200,000	$92,093,440
Total	200,000		200,000	$92,093,440

(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.

Issuance of Unregistered Securities

None.

Equity Compensation Plan Information

The following table sets forth information as of December 31, 2005 with respect to the Company's equity compensation plans which have been approved by its stockholders. The Company does not have any equity compensation plans that were not approved by its stockholders.

Plan Category	Number of Securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of Securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders	13,673,023	$ 27.94	6,266,325
Equity compensation plans not approved by security holders			
Total	13,673,023	$ 27.94	6,266,325

ITEM 6. SELECTED FINANCIAL DATA

The following tables present selected financial data for the five years ended December 31, 2005 (in thousands, except per share amounts). See Management's Discussion and Analysis, found in Item 7 of this report, for information regarding business acquisitions, discontinued operations, critical accounting policies and items affecting comparability of the amounts below. The information presented in the following tables has been adjusted to reflect the restatement of the Company's financial results which is more fully described in the Explanatory Note on page 2 of this Form 10-K/A and in Note 2 of the consolidated financial statements in this Form 10-K/A.

	2001[1]			2002[1]			2003[1]	2004[1]	2005[1]
STATEMENTS OF OPERATIONS DATA:	**As previously reported**	**Adjustments**	**As restated**	**As previously reported**	**Adjustments**	**As restated**	**As restated**	**As restated**	**As restated**
Revenue	$ 719,166	$	$ 719,166	$ 563,001	$	$ 563,001	$ 552,098	$ 756,131	$ 986,917
Salaries & related, office & general and marketing & promotion	565,250	46,400	611,650	493,417	33,638	527,055	524,270	663,463	813,046
Merger & integration and restructuring costs[2]	21,037		21,037	3,389		3,389			
Business reorganization and other special charges				87,104		87,104	45,396		
Amortization of intangibles	7,983		7,983	1,712		1,712	1,799	7,243	9,693
Total operating expenses	594,270	46,400	640,670	585,622	33,638	619,260	571,465	670,706	822,739
Operating income (loss)	$ 124,896	$ (46,400)	$ 78,496	$ (22,621)	$ (33,638)	$ (56,259)	$ (19,367)	$ 85,425	$ 164,178
Income (loss) from continuing operations before accounting change[3]	$ 81,200	$ (36,459)	$ 44,741	$ (26,123)	$ (25,638)	$ (51,761)	$ (22,953)	$ 52,779	$ 106,201
Net income (loss)	$ 69,020	$ (65,581)	$ 3,439	$ (534,896)	$ (44,943)	$ (579,839)	$ (108,824)	$ 58,736	$ 98,194
Basic earnings (loss) per share:*									
Income (loss) from continuing operations before accounting change	$ 0.74	$ (0.33)	$ 0.41	$ (0.23)	$ (0.23)	$ (0.46)	$ (0.20)	$ 0.45	$ 0.87
Income (loss) per share from discontinued operations, net of tax	(0.11)	(0.27)	(0.38)	(0.72)	(0.17)	(0.90)	(0.77)	0.05	(0.07)

Cumulative effect of accounting change, net of tax benefit(3)				(3.85)		(3.85)			
Net income (loss)	$ 0.63	$ (0.60)	$ 0.03	$ (4.80)	$ (0.40)	$ (5.21)	$ (0.97)	$ 0.50	$ 0.80
Diluted earnings (loss) per share:*									
Income (loss) from continuing operations before accounting change	$ 0.72	$ (0.32)	$ 0.39	$ (0.23)	$ (0.23)	$ (0.46)	$ (0.20)	$ 0.44	$ 0.85
Income (loss) per share from discontinued operations, net of tax	(0.11)	(0.26)	(0.36)	(0.72)	(0.17)	(0.90)	(0.77)	0.05	(0.06)
Cumulative effect of accounting change, net of tax benefit(3)				(3.85)		(3.85)			
Net income (loss)	$ 0.61	$ (0.58)	$ 0.03	$ (4.80)	$ (0.40)	$ (5.21)	$ (0.97)	$ 0.49	$ 0.79

* Earnings per share may not add due to rounding.

BALANCE SHEET DATA[4]:	2001 As previously reported	2001 Adjustments	2001 As Restated	2002 As previously reported	2002 Adjustments	2002 As Restated	2003[5] As Restated	2004[1] As Restated	2005[1] As Restated
Current assets	$ 1,005,918	$	$ 1,005,918	$ 808,546	$	$ 808,546	$ 566,983	$ 703,511	$ 773,059
Current liabilities	929,608	6,862	936,470	799,220	6,862	806,082	646,856	740,101	705,946
Total assets	2,206,362	30,321	2,236,683	1,630,795	35,942	1,666,737	1,161,439	1,554,953	1,678,715
Long-term liabilities	47,492		47,492	18,136		18,136	14,092	35,237	39,429
Total stockholders equity	1,229,262	23,459	1,252,721	813,439	29,080	842,519	500,491	779,615	933,340

(1) See Note 2 of the notes to consolidated financial statements for further discussion of our restated results.

(2) Net of a $15,000 fee received in connection with the termination of our offer to acquire HotJobs.com, Ltd. in 2001.

(3) The Company recorded a non-cash goodwill impairment charge of $428,374, net of tax during the year ended December 31, 2002. This is recorded as a change in accounting principle.

(4) Years 2001 through 2004 include assets and liabilities of discontinued operations.

(5) The following table reconciles the Company's consolidated balance sheet as of December 31, 2003 from the Original Filing to the restated amounts:

	As of December 31, 2003 As previously reported	Adjustments	As Restated
Current assets	$ 566,983	$	$ 566,983
Current liabilities	639,995	6,861	646,856
Total assets	1,122,279	39,160	1,161,439
Long-term liabilities	14,092		14,092
Total stockholders equity	468,192	32,299	500,491

ITEM 7. 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/or 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 this report.

The discussion and analysis set forth below has been amended to reflect the restatement as described in the Explanatory Note on page 2 and in Note 2 of the notes to consolidated financial statements, included in Item 8, Financial Statements and Supplementary Data, of this Form 10-K/A. The discussion and analysis has been solely restated to reflect the recognition of additional non-cash stock based compensation costs and related income tax effects as a direct result of the findings of the Special Committee. Our business and associated risks have changed since the date of the Original Filing. For this reason the data set forth in this section may not be comparable to discussions and data in our previously filed Annual Reports.

Restatement of Consolidated Financial Statements

On June 12, 2006, we 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 our historical stock option grant practices and related accounting. The Special Committee and their advisors conducted an extensive review of our historical stock option grants and related accounting, including an assessment and review of our 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 our executive management and Board of Directors.

On July 26, 2006, we announced that although the Special Committee investigation had not yet reached a conclusion, we cautioned shareholders and the investing public against relying on our previously published financial statements. On October 25, 2006, we announced that our Audit Committee, after consultation with senior management, the Special Committee and our independent registered public accounting firm, determined that the consolidated financial statements and related financial information contained in our Annual Reports on Form 10-K through December 31, 2005 should no longer be relied upon.

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 our 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. 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. We believe 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.

In connection with the findings of the Special Committee, we recorded a cumulative after-tax adjustment of $271.9 million, net of a $67.7 million tax benefit through December 31, 2005. The cumulative after-tax impact of the adjustments through December 31, 2002 was $221.4 million and has been reflected as a prior period adjustment to arrive at our ending retained deficit on December 31, 2003.

The following table summarizes the impact of the non-cash stock based compensation adjustments and related income tax effects on our previously reported net income (loss):

	(As previously reported) Net income (loss)	Pre-tax adjustments	Income tax benefit	(As restated) Net income (loss)
(in thousands)				
Year Ended December 31, 1997	$ 61,302	$ (9,461)	$ 2,280	$ 54,121
Year Ended December 31, 1998	46,218	(7,086)	1,767	40,899
Year Ended December 31, 1999	8,158	(42,916)	8,863	(25,895)
Year Ended December 31, 2000	50,863	(79,348)	15,061	(13,424)
Year Ended December 31, 2001	69,020	(80,792)	15,211	3,439
Year Ended December 31, 2002	(534,896)	(56,489)	11,546	(579,839)
Cumulative effect at December 31, 2002		**(276,092)**	**54,728**	
Year Ended December 31, 2003	(81,864)	(34,697)	7,737	(108,824)
Year Ended December 31, 2004	73,104	(16,064)	1,696	58,736
Year Ended December 31, 2005	107,432	(12,733)	3,495	98,194
Total		**$ (339,586)**	**$ 67,656**	

We have incurred material expenses in 2006 as a direct result of the investigation into our stock option grant practices and related accounting. These costs primarily relate to professional services for legal, accounting and tax guidance. In addition, we have incurred costs related to litigation, the informal investigation by the SEC, the investigation by the United States Attorney for the Southern District of New York ("USAO") and the preparation and review of our restated consolidated financial statements. We expect that we will continue to incur costs associated with these matters.

OVERVIEW

Business

Founded in 1967, Monster Worldwide, Inc. is the parent company of Monster, the leading global online careers property. We also own TMP Worldwide, one of the world's largest recruitment advertising agency networks. Our clients range from Fortune 100 companies to small and medium-sized enterprises and government agencies.

Monster is our flagship brand. Our Monster division operates in 24 countries and accounted for approximately 83% of our total revenue for the twelve months ended December 31, 2005. Monster connects employers with job seekers and offers innovative technology and services that give employers more control over the recruiting process. We have been able to capitalize on Monster's brand and create worldwide awareness by offering online recruiting solutions that we believe are redefining the way employers and job seekers connect. These tools, which include searchable job postings, a résumé database and career management content and advice, provide users with more control over the employment process. Monster's job search, résumé posting services and basic networking are free to the job seeker. Monster also offers premium career services at a fee to job seekers. Employers and human resources professionals pay to post jobs, search Monster's résumé database and use career site hosting and applicant tracking systems and other ancillary services.

Financial Summary

Monster Worldwide has two operating segments: Monster and Advertising & Communications. In 2005, we had strong growth in revenue, net income, earnings per share and operating cash flow. We were able to penetrate deeper into the small and medium-sized business markets in 2005 and our international sales force contributed significantly to our increase in revenue. Excluding non-cash stock based compensation costs, our income from continuing operations increased as compared to 2004 as a result of tight cost controls, increased operating efficiencies across the globe and stronger demand for online recruitment. Net income, which includes the results of disposed businesses, increased 67% over 2004. We delivered diluted earnings per share growth of 93% in our continuing operations. In 2005, we also made the decision to focus entirely on our recruitment business by disposing of our Directional Marketing division, which was not a part of our growth strategy. As a result, we believe that we are increasingly able to concentrate on growing Monster's revenue and operating margins in each of our markets. Cash flow from operations grew 139% compared to the 2004 period and we ended 2005 with $320.3 million of cash and cash equivalents and marketable securities on our balance sheet.

Monster's revenue increased 38% compared to 2004 as the global employment environment continued to strengthen and we expanded our presence deeper into overseas markets. In addition, we aggressively focused our attention on our eCommerce product, which allows our clients to manage their recruitment needs online without assistance. Our Monster division now operates in 24 countries and posted revenue growth in each of our markets in 2005. Strong operating leverage and the results of careful cost management in Monster's North American operations yielded an operating margin of 34% for the year. In 2005, our International operations accounted for 23% of our total Monster revenue, compared to 19% in the prior year period. We believe that the International market is a tremendous opportunity for Monster and we are committed to making strategic investments and improving efficiencies in our International business that will result in higher revenue growth and increased operating margins.

Business Combinations

For the period January 1, 2004 through December 31, 2005, we completed six business combinations. There were no significant business acquisitions in the year ended December 31, 2003. Although none of the following acquisitions 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/Region
Military Advantage, Inc.	March 1, 2004	Monster, North America
jobpilot GmbH	April 22, 2004	Monster, Europe
Tickle Inc.	May 21, 2004	Monster, North America
WebNeuron Services Limited (JobsAhead.com)	June 18, 2004	Monster, Asia/Pacific
Emailjob.com SAS	February 11, 2005	Monster, Europe
JobKorea	October 14, 2005	Monster, Asia/Pacific

Discontinued Operations

During the year ended December 31, 2005, we disposed of the following businesses. The results of operations of these businesses and associated disposal costs are reflected as discontinued operations in the consolidated statements of operations for each of the three years in the period ended December 31, 2005 (dollar amounts in thousands):

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 our online relocation business. We recognized a loss on the sale of these businesses of $10,729 ($1,803 net of tax benefits) in the second quarter of 2005. The loss recorded in connection with this disposition was calculated on net assets that included approximately $50,000 of goodwill. In the third quarter of 2005, we 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 our Directional Marketing operations in the United Kingdom. Our European Advertising & Communications management will continue to operate that business, and accordingly, those results have been reclassified to our Advertising & Communications operating segment.

On May 2, 2005, we sold our interests in TMP Direct, a direct marketing 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 the Company, 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 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.

During the year ended December 31, 2004, we disposed of the following businesses, which are reflected as discontinued operations in the consolidated statements of operations for the years ended December 31, 2004 and 2003:

In December 2004, we sold and disposed of certain Advertising & Communications businesses in Continental Europe, in order to focus more fully on our Monster business. None of these dispositions were considered material or included a significant amount of assets. We recognized a loss on the sale of these businesses of $7,055 ($6,234 net of tax) in the fourth quarter of 2004.

On October 5, 2004, we completed the sale of our wholly owned subsidiary US Motivation, Inc., formerly part of our Directional Marketing segment, to General Yellow Pages Consultants, Inc.

d/b/a The Marquette Group for $10,000 cash, subject to a post-closing adjustment. We recognized a pre-tax and after-tax gain on the sale of US Motivation of $7,413 in the fourth quarter of 2004. In the fourth quarter of 2005, we finalized the post-closing adjustment on our sale of US Motivation and recorded an additional gain of $1,746 ($1,135 net of tax) as a component of discontinued operations.

During the year ended December 31, 2003, we disposed of the following businesses, which are reflected as discontinued operations in the consolidated statements of operations for the year ended December 31, 2003:

On August 1, 2003, we terminated our joint venture arrangement with Ninemsn in Australia and New Zealand. Consequently, we have shut down our websites in Australia and New Zealand (Monster.au and Monster.nz) and redirected all traffic to our Monster.com website.

On March 31, 2003, we completed a distribution of the common stock of HH Group as a tax-free dividend to our shareholders. Shareholders of our common stock received one share of HH Group for every $13^{1}/_{3}$ shares of Monster Worldwide, Inc. common stock owned. Prior to the distribution, HH Group was reported as our eResourcing and Executive Search segments.

The following amounts relate to the operations of the Company's disposed businesses and have been segregated from continuing operations and reflected as discontinued operations in each period's consolidated statement of operations:

	Year ended December 31,		
	2005	**2004**	**2003**
	(As restated)	**(As restated)**	**(As restated)**
Revenue	$ 23,402	$ 107,666	$ 221,700
Income (loss) before income taxes	(11,257)	9,503	(32,148)
Income tax expense (benefit)	(4,294)	4,728	53,723
Income (loss) from discontinued operations, net of tax	$ (6,963)	$ 4,775	$ (85,871)
Pre-tax gain (loss) on sales of discontinued operations	$ (9,534)	$ 361	$
Income tax benefit	(8,490)	(821)	
Gain (loss) on sale of business, net of tax	(1,044)	1,182	
Income (loss) from discontinued operations, net of tax	$ (8,007)	$ 5,957	$ (85,871)

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 $376, $2,252, and $9,237 of non-cash stock based compensation costs, net of tax, respectively, in each of the three years ended December 31, 2005 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.

The year ended December 31, 2003 includes a charge to income tax expense in the amount of $43,034 for the impairment of deferred tax assets in connection with the spin-off of HH Group.

Quarterly Impact of Stock Option Restatement

As a result of the stock option restatement discussed above, we recorded additional non-cash stock based compensation expenses in our quarterly consolidated statements of operations. There was no impact on our previously reported revenue in any quarter. Additionally, operating margins for both our Monster and Advertising & Communications operating segment remain unchanged from the Original Filing. We recorded all costs associated with the restatement as a component of "Corporate operating expenses".

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 this 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. Our Monster division primarily earns revenue from the placement of job postings on the websites within the Monster network, access to the Monster network's online résumé database and other ancillary 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 résumé 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.

Advertising & Communications. Our Advertising & Communications division derives revenue from job advertisements placed in newspapers, Internet career job boards such as Monster and other media, plus associated fees for related services. Revenue is recorded net of media placement costs, which are passed on to the customer. Revenue is generally recognized upon placement date for newspapers and other print and offline media. Online media revenue is recognized when services are purchased.

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. Based on impairment tests performed, there was no impairment of goodwill for the three years ending December 31, 2005.

Long-lived assets. We review long-lived assets 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 to be realized. 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 it would be able to realize a net 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 periods.

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 measurement date. In nearly all cases, the stock price on the assigned date was lower, sometimes substantially lower, than the price on the date the award was actually granted. 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. The following table illustrates the historic volatility in the trading of our common stock by reference to the high and low closing price of our common stock from 1997-2005, as reported by Nasdaq (prices are adjusted to reflect stock split):

Year	**High**	**Low**
1997	$ 14.25	$ 6.44
1998	21.00	10.25
1999	80.16	19.50
2000	92.38	46.44
2001	66.38	27.24
2002	47.21	8.50
2003	29.19	8.06
2004	33.83	17.93
2005	41.36	22.92

RESULTS OF OPERATIONS

Consolidated operating results as a percent of revenue follows:

	Years Ended December 31,		
	2005	**2004**	**2003**
STATEMENT OF OPERATIONS DATA:	**(As restated)**	**(As restated)**	**(As restated)**
Revenue	**100.0%**	**100.0%**	**100.0%**
Salaries and related*	44.5%	47.8%	50.1%
Office and general	19.0%	21.0%	24.2%
Marketing and promotion	19.9%	19.9%	21.0%
Business reorganization and other special charges	%	%	8.2%
Total operating expenses	**83.4%**	**88.7%**	**103.5%**
Operating income	**16.6%**	**11.3%**	**-3.5%**
Interest and other, net	0.6%	-0.1%	-0.2%
Income from continuing operations before income taxes	17.3%	11.2%	-3.7%
Income taxes	6.2%	4.2%	0.4%
Losses in equity interest	-0.3%	%	%
Income (loss) from continuing operations	**10.8%**	**7.0%**	**-4.2%**
Income (loss) from discontinued operations, net of tax	-0.8%	0.8%	-15.6%
Net income (loss)	**9.9%**	**7.8%**	**-19.7%**

* Includes the impact on our continuing operations of the non-cash stock based compensation costs in all periods.

The Year Ended December 31, 2005 Compared to the Year Ended December 31, 2004

Monster

The operating results of our Monster division for the years ended December 31, 2005 and 2004 are as follows:

(dollars in thousands)

	2005	% of Revenue	2004	% of Revenue	Increase	% Increase
Revenue	$ 818,271	100.0	$ 593,909	100.0	$ 224,362	37.8
Selling, general and administrative	581,243	71.1	433,066	72.9	148,177	34.2
Depreciation and amortization	30,529	3.7	24,875	4.2	5,654	22.7
Operating income	$ 206,499	25.2	$ 135,968	22.9	$ 70,531	51.9

Our Monster division's increase in revenue over the prior year was primarily driven by our North American and European operations. North American revenue increased 30.7% and represents 77.1% of our total Monster revenue. The increase in revenue is a direct result of investments we made in our sales force in the latter half of 2004, our expanded reach in overseas markets, strategic acquisitions completed in 2004 and 2005 and improved labor markets in key geographic areas. In addition our eCommerce product, which allows our clients to service their accounts online without assistance, continues to attract new customers and generate strong revenue. Revenue in our international operations increased 68.8% over 2004 as our acquisitions of jobpilot GmbH in Germany and Emailjob.com in France increased our presence in these two key European markets. In addition, we acquired JobKorea in the fourth quarter of 2005, an online recruitment website in South Korea. The acquisition of JobKorea provides us with a leading presence in one of Asia's largest and emerging online markets. Additional increases in international revenue resulted from our continued investments in sales force expansion and marketing efforts throughout Europe.

Our North American operations accounted for the entire increase in total operating income over the 2004 period. North American management has been diligently managing costs and expanding operating margins. Expenses increased across the division primarily due to the addition of sales force and incremental costs associated with businesses that we acquired. In addition, we increased our marketing and promotion efforts across the division by 30.9% compared to the 2004 period, as we continue to promote the Monster brand and establish ourselves in new emerging markets. Although operating expenses increased in 2005, as a percentage of Monster revenue, these expenses decreased from 77.1% in 2004 to 74.8% in 2005. North American operating income was $211.3 million for the 2005 period, a 57.5% increase over the prior year. Our international operations posted a $4.8 million operating loss in 2005, reflecting investments in marketing and additional sales force. As we enter into 2006, management is very encouraged by the potential growth opportunities for our business, particularly internationally.

Quarterly revenues, operating income and operating margin data for our Monster segment in the 2005 periods are as follows:

(dollars in thousands)	Q1 2005	Q2 2005	Q3 2005	Q4 2005	FY 2005
	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)
Revenue	$ 189,534	$ 198,091	$ 206,834	$ 223,812	$ 818,271
Operating income	$ 44,477	$ 48,215	$ 54,585	$ 59,222	$ 206,499
Operating margin	23.5%	24.3%	26.4%	26.5%	25.2%

Our Monster segment experienced strong revenue growth in each quarter of 2005 primarily due to productivity from our sales force, strategic acquistions in key international markets and an impoved global employment market. In addition, our acquisitions of Emailjob.com and JobKorea in the first and fourth quarters of 2005 has given us a presence in two key international markets. We maintained strong margin growth in each quarter, despite continued investments in product, technology and sales force expansion. Our quarterly results for our Monster segment were not impacted by the non-cash stock based compensation expense adjustments.

Advertising & Communications

The operating results of our Advertising & Communications division for the years ended December 31, 2005 and 2004 are as follows:

(dollars in thousands)	2005	% of Revenue	2004	% of Revenue	Increase (decrease)	% Increase (decrease)
Revenue	$ 168,646	100.0	$ 162,222	100.0	$ 6,424	4.0
Selling, general and administrative	147,308	87.3	152,957	94.3	(5,649)	-3.7
Depreciation and amortization	6,226	3.7	7,073	4.4	(847)	-12.0
Operating income	$ 15,112	9.0	$ 2,192	1.4	$ 12,920	589.4

Advertising & Communications' revenue primarily increased due to higher demand of online and print advertising in North America. Revenue in North America increased 12.5% over the 2004 period, while our international revenue declined 3.6% in 2005, primarily as a result of sluggish levels of help-wanted advertising and a higher unemployment rate in the United Kingdom compared to 2004. The revenue increases in North America were primarily realized in the higher commission online space, while commissions earned on the sales of traditional media have been in decline due to client losses and migration to the Internet. For the year ended December 31, 2005, the division recognized approximately $25.7 million of revenue related to the sale of certain Monster products to customers, an increase of 93.9% over the $13.3 million of revenue the division recorded in the same period of 2004.

Operating income increased substantially versus the prior year period primarily due to increased revenue in North America and disciplined management of core operating expenses across all geographic regions. Management is continually analyzing the cost structure of the business to ensure that costs are in line with revenues. During 2006, the Company disposed of its global Advertising & Communications business in five separate transactions, to focus its resources on the Monster business.

Quarterly revenues, operating income and operating margin data for our Advertising & Communications segment in the 2005 periods are as follows:

(dollars in thousands)	Q1 2005	Q2 2005	Q3 2005	Q4 2005	FY 2005
	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)
Revenue	$ 42,519	$ 40,888	$ 42,454	$ 42,785	$ 168,646
Operating income	$ 2,439	$ 763	$ 4,447	$ 7,463	$ 15,112
Operating margin	5.7%	1.9%	10.5%	17.4%	9.0%

Strict cost management in our North American Advertising & Communications division resulted in our improved operating profit over the course of 2005, despite relatively flat revenue performance. Throughout 2005, we experienced a relatively weak print advertising market overseas, primarily in the United Kingdom. Our quarterly results for our Advertising & Communications segment were not impacted by the non-cash stock based compensation expense adjustments.

Consolidated Operating Expenses and Operating Income

Consolidated operating expenses and operating income for the years ended December 31, 2005 and 2004 are as follows:

Consolidated Operating Expenses

(dollars in thousands)	2005	% of Revenue	2004	% of Revenue	$ Increase	% Increase
	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)
Salaries and related	$ 439,465	44.5	$ 361,372	47.8	$ 78,093	21.6
Office and general	187,204	19.0	158,975	21.0	28,229	17.8
Marketing and promotion	196,070	19.9	150,359	19.9	45,711	30.4
Operating expenses	822,739	83.4	670,706	88.7	152,033	22.7
Operating income	$ 164,178	16.6	$ 85,425	11.3	$ 78,753	92.2

Except for the non-cash stock based compensation adjustments in 2004 and 2005, our Monster division accounted for substantially all of the year over year increase in total operating expenses, stemming mainly from the hiring initiatives we undertook in the latter half of 2004, costs associated with marketing programs and acquisitions. Costs associated with our hiring initiatives mainly reflect increased headcount in sales and support staff and incremental commissions paid to sales staff in connection with the improved revenue base. In addition, we continue to invest in the Monster brand, both in North America and in key international markets. Included in salaries and related expenses is $12.2 million and $13.1 million in 2005 and 2004, respectively, of non-cash stock based compensation expense relating to the stock option findings of the Special Committee. The stock option adjustments impacting continuing operations are recorded as a component of corporate expenses for all periods presented. Our marketing and promotion in the 2005 period includes resources allocated to re-brand

our jobpilot GmbH properties. Corporate expenses increased $4.7 million over 2004 mainly due to severance related to former executives and slightly higher salary and related expenses. However, as a percentage of revenue, corporate expenses decreased from 7.0% in 2004 to 5.8% in 2005. We remain committed to analyzing our expense infrastructure to ensure that costs are in line with revenues, especially given the uneven employment market in North America and Europe.

Quarterly revenues, operating income and operating margin data for our consolidated results in the 2005 periods are as follows:

(dollars in thousands)	Q1 2005	Q2 2005	Q3 2005	Q4 2005	FY 2005
	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)
Revenue	$ 232,053	$ 238,979	$ 249,288	$ 266,597	$ 986,917
Operating income	$ 33,608	$ 36,717	$ 41,124	$ 52,729	$ 164,178
Operating margin	14.5%	15.4%	16.5%	19.8%	16.6%

Consolidated revenue grew in each quarter of 2005 primarily as a result of consistent revenue growth in our Monster operating segment. Monster continued to take advantage of the secular shift of help wanted advertising online and establish its presence in key geographic markets. Our consolidated operating income includes the impact of our non-cash stock based compensation expense, which is recorded as a component of our "corporate operating expenses." Despite the stock option adjustments, we still experienced margin expansion and strong operating growth at the Monster division offset by higher corporate and technology expenses.

Income Taxes

Income taxes for the years ended December 31, 2005 and 2004 are as follows:

	December 31,		Increase	
(dollars in thousands)	2005	2004	$	%
	(As restated)	(As restated)	(As restated)	(As restated)
Income (loss) from continuing operations before income tax	$ 170,407	$ 84,415	$ 85,992	101.9
Income taxes	60,809	31,636	29,173	92.2
Effective tax rate	35.7%	37.5%		

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 and 2004 period is $3.4 million and $1.0 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 earnings per share increased 61% in 2005, even as diluted weighted average shares outstanding increased by approximately 5.0 million shares over 2004. The share increase is mainly the result of incremental dilution associated with a higher average stock price in 2005, as well as additional share issuances related to stock option exercises. Income from continuing operations was 10.8% of total revenue in 2005, compared to 7.0% in 2004.

The Year Ended December 31, 2004 Compared to the Year Ended December 31, 2003

Monster

The operating results of our Monster division for the years ended December 31, 2004 and 2003 are as follows:

(dollars in thousands)	2004	% of Revenue	2003	% of Revenue	Increase	% Increase
Revenue	$ 593,909	100.0	$ 412,796	100.0	$ 181,113	43.9
Selling, general and administrative	433,066	72.9	317,879	77.0	115,187	36.2
Depreciation and amortization	24,875	4.2	16,056	3.9	8,819	54.9
Operating income	$ 135,968	22.9	$ 78,861	19.1	$ 57,107	72.4

Under slightly improved economic conditions in 2004, our Monster division was able to significantly increase revenue by investing in sales staff and focusing their resources on expanding our customer base to incorporate more regionally located small and medium-sized businesses, particularly in the United States. We began advertising campaigns in the top 28 U.S. markets in 2004 to help capture a larger piece of what we believe to be a $2 billion help-wanted advertising market for small and medium-sized businesses. In addition, we maintained our emphasis on providing a high level of customer service and were able realize higher client retention rates than in the prior period. In North America, our operations posted strong organic growth and we began to see signs of a stable labor environment evidenced by a significant increase in orders booked by our sales staff versus the prior period. We also continued to see an improvement in our European operations where we are witnessing increased migration toward on-line employment and recruitment tools. Our European operations also benefited in 2004 from our acquisition of jobpilot GmbH in April and a weaker U.S. dollar. All of our 2004 acquisitions, which were made to expand our Monster network, contributed $60.9 million of revenue to Monster for the year ended December 31, 2004.

Core operating expenses at the Monster division increased primarily due to the addition of approximately 500 sales staff across North America, Europe and the Asia-Pacific region and the effect of acquisitions completed in 2004. Acquisitions contributed $50.8 million to our core operating expenses for the year ended December 31, 2004. In addition, we continued to promote and market the Monster brand globally. We increased and redirected portions of our marketing and promotion expense in 2004 to attract higher quality traffic to our website and compete head-to-head with local newspapers in the top 28 metropolitan markets in the United States. Amortization of intangibles was up significantly in the 2004 period due to the four acquisitions that we completed in 2004. In total, we recognized $46 million of amortizable intangible assets in connection with our 2004 acquisitions.

Quarterly revenues, operating income and operating margin data for our Monster segment in the 2004 periods are as follows:

(dollars in thousands)	Q1 2004	Q2 2004	Q3 2004	Q4 2004	FY 2004
	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)
Revenue	$ 122,162	$ 141,904	$ 157,679	$ 172,164	$ 593,909
Operating income	$ 22,706	$ 30,528	$ 34,642	$ 48,092	$ 135,968
Operating margin	18.6%	21.5%	22.0%	27.9%	22.9%

Our Monster division increased revenue in each quarter as our business in North America benefited from an improved domestic employment market and our focus shifted to smaller and medium-sized businesses. Operating profit and margin expansion remained strong as we became more disciplined with our cost structure and realized additional benefits from our restructuring initiatives in late 2003. Our quarterly results for our Monster segment were not impacted by the non-cash stock based compensation expense adjustments.

Advertising & Communications

The operating results of our Advertising & Communications division for the years ended December 31, 2004 and 2003 are as follows:

(dollars in thousands)	2004	% of Revenue	2003	% of Revenue	Increase (decrease)	% Increase (decrease)
Revenue	$ 162,222	100.0	$ 139,302	100.0	$ 22,920	16.5
Selling, general and administrative	152,957	94.3	156,329	112.2	(3,372)	-2.2
Depreciation and amortization	7,073	4.4	6,496	4.7	577	8.9
Operating income (loss)	$ 2,192	1.4	$ (23,523)	-16.9	$ 25,715	109.3

Advertising & Communication's revenue increased primarily due to stronger help wanted print advertising in North America compared to the prior period. With the discontinuation of our Advertising & Communications businesses in Continental Europe, revenue in North America comprised 46.7% of the segment's business in 2004, while international accounted for the remaining 53.3%. We continued to incentivize our Advertising & Communications division to promote and cross-sell Monster services. As a result, the division recognized approximately $13.3 million and $13.2 million of commissions on the sale of certain Monster products for the periods ending December 31, 2004 and 2003, respectively. Revenue in the 2004 period also increased $9.2 million as a result of a weaker U.S. dollar in the 2004 period.

The weaker U.S. dollar in 2004 increased core operating expenses by $7.4 million, which was partially offset by lower corporate and technology costs charged to the division and lower amortization expense. The division's North American business was profitable as it focused on and made significant operational improvements to bring costs in line with revenues in the 2004 period. In December 2004, we exited our Advertising & Communications business in certain countries in Continental Europe in order to focus our efforts more fully on our Monster operations. We intend to continue the efforts that began in late 2004, and improve the cost structure of our remaining European operations, which are now primarily located in the United Kingdom. During 2006, the Company disposed of its global Advertising & Communications business in five separate transactions, to focus its resources on the Monster business.

Quarterly revenues, operating income (loss) and operating margin data for our Advertising & Communications segment in the 2004 periods are as follows:

(dollars in thousands)	Q1 2004	Q2 2004	Q3 2004	Q4 2004	FY 2004
	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)
Revenue	$ 39,048	$ 39,424	$ 40,940	$ 42,810	$ 162,222
Operating income (loss)	$ 1,168	$ 1,478	$ 1,646	$ (2,100)	$ 2,192
Operating margin	3.0%	3.7%	4.0%	-4.9%	1.4%

Our Advertising & Communications revenue grew in each quarterly period in 2004 as our business in the North America benefited from an increasing help-wanted print advertising market and higher commissions from the sale of Monster products. Our margins remained steady through the first three quarters of 2004 as we remained disciplined in our cost structure. Our operating income and margins were negatively impacted by certain severance costs incurred in the fourth quarter of 2004. Our quarterly results for our Advertising & Communications segment were not impacted by the non-cash stock based compensation expense adjustments.

Consolidated Operating Expenses and Operating Income

Consolidated operating expenses and operating income for the years ended December 31, 2004 and 2003 are as follows:

(dollars in thousands)	2004	% of Revenue	2003	% of Revenue	Increase (decrease)	% Increase
	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)
Salaries and related	$ 361,372	47.8	$ 276,580	50.1	$ 84,792	30.7
Office and general	158,975	21.0	133,389	24.2	25,586	19.2
Marketing and promotion	150,359	19.9	116,100	21.0	34,259	29.5
Business reorganization and other special charges			45,396	8.2	(45,396)	(100.0)
Operating expenses	670,706	88.7	571,465	103.5	99,241	17.4
Operating income (loss)	$ 85,425	11.3	$ (19,367)	(3.5)	$ 104,792	(541.1)

Except for the non-cash stock based compensation adjustments in 2004 and 2005, the increase in consolidated operating expenses is primarily due to increased headcount at Monster, higher bonus accruals as internal operating targets were exceeded, increased marketing expenditures in North America and Europe, acquisitions and foreign currency translation rates. In addition, our office and general expenses increased as we incurred additional professional fees, primarily related to accounting and Sarbanes-Oxley compliance and higher depreciation expense versus the 2003 period. Our marketing and promotion expenses increased as a result of increased Monster branding efforts across each of our geographic regions. Included in salaries and related expenses is $13.1 million and $23.5 million in 2004 and 2003, respectively, of non-cash stock based compensation expense relating to the stock option findings of the Special Committee. The stock option adjustments impacting continuing operations are recorded as a component of corporate expenses for all periods presented. Acquisitions completed in 2004 contributed $55.8 million to the increase in our consolidated operating expenses. Amortization expense, which is included as a component of office and general, was higher in the 2004 period due to intangibles valued in connection with our purchase acquisitions, particularly for jobPilot and Tickle. In addition, the higher operating expenses include a $15.1 million increase as a result of a weaker U.S. dollar in 2004.

(dollars in thousands)	Q1 2004	Q2 2004	Q3 2004	Q4 2004	FY 2004
	(As restated)	(As restated)	(As restated)	(As restated)	(As restated)
Revenue	$ 161,210	$ 181,328	$ 198,619	$ 214,974	$ 756,131
Operating income	$ 12,892	$ 19,328	$ 23,277	$ 29,928	$ 85,425
Operating margin	8.0%	10.7%	11.7%	13.9%	11.3%

Revenue grew in each quarter primarily as a result of sequential quarterly growth in our Monster operating segment, coupled with an improving help-wanted print advertising market in our Advertising & Communications division. Monster continued to take advantage of the secular shift of help wanted advertising online and establish its presence in key geographic markets. Our consolidated operating income includes the impact of our non-cash stock based compensation expense, which is recorded as a component of our "corporate operating expenses." Despite the stock option adjustments, we still experienced margin expansion and strong operating growth at the Monster division offset by higher corporate and technology expenses.

Income Taxes

Income taxes for the years ended December 31, 2004 and 2003 are as follows:

	December 31,		Increase	
	2004	2003	$	%
	(As restated)	(As restated)	(As restated)	(As restated)
Income (loss) from continuing operations before income taxes	$ 84,415	$ (20,612)	$ 105,027	(509.5)
Income taxes	31,636	2,341	29,295	1,251.4
Effective tax rate	37.5%	-11.4%		

Our effective tax rates differ from the statutory rate due to the impact of state and local taxes, certain nondeductible expenses (including business reorganization and spin-off costs in 2003), foreign earnings taxed at different tax rates and valuation allowances. Included in income tax expense in the 2004 and 2003 period is $1.0 million and $5.8 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 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 earnings per share were $0.49 compared to a loss of $0.97 in the 2003 period. The loss in the 2003 period mainly stems from business reorganization and other special charges we incurred in the first half of that year and the effect of our stock option adjustments. Diluted weighted average shares in the 2004 period increased mainly as a result of incremental dilution associated with a higher average stock price in the 2004 period, as well as additional share issuances for stock option exercises. Income from continuing operations was 7.0% of total revenue in the 2004 period, compared to a loss from continuing operations of $23.0 million in the 2003 period.

Financial Condition

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

	Years Ended December 31,		
(in thousands)	**2005**	**2004**	**2003**
Cash and cash equivalents	$ 196,597	$ 198,111	$ 142,255
Marketable securities	123,747		
Cash and cash equivalents and marketable securities	$ 320,344	$ 198,111	$ 142,255
Percentage of total assets, as restated	19.1%	12.7%	12.2%
Cash provided by operating activities of continuing operations	$ 241,213	$ 133,232	$ 28,725
Cash used for investing activities of continuing operations	(301,947)	(129,677)	(35,198)
Cash provided by financing activities of continuing operations	83,908	100,012	(27,442)
Cash used in discontinued operations	(20,353)	(50,331)	(18,587)
Effect of exchange rates on cash	(4,335)	2,620	3,201

Our principal capital requirements have been to fund (i) working capital, (ii) marketing and development of our Monster network, (iii) acquisitions (iv) capital expenditures and (v) the 2003 spin-off of Hudson Highland Group, Inc. 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, because of recent business acquisitions and our 2002 and 2003 reorganization initiatives, we have substantial cash commitments over the next several years. These commitments as of December 31, 2005 are as follows (amounts in thousands):

	Payments due by period				
Contractual Obligations (in thousands)	**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	478	85	170	170	53
Capital lease obligations	255	175	80		
Operating lease obligations	289,272	36,361	68,168	56,995	127,748
Acquisition notes payable	46,323	31,123	14,805	352	43
Total	$ 347,378	$ 77,323	$ 84,694	$ 57,517	$ 127,844

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

In addition to the cash commitments above, the Company has certain rights and obligations, the amount and likelihood of which are not currently determinable, to acquire a 51% or more interest in its equity investee, ChinaHR, in the event of an initial public offering by ChinaHR or February 1, 2008, whichever comes first.

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, 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 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 December 31, 2005, we had cash and cash equivalents and marketable securities of $320.3 million, compared to $198.1 million as of December 31, 2004. Our increase in cash and marketable securities of $122.2 million in the twelve months ended December 31, 2005, primarily relates to our operating and financing activities offset by cash used for investing activities. Cash provided by operating activities was $221.6 million for the year ended December 31, 2005 and resulted from $106.2 million of income from continuing operations and $117.6 million of net non-cash items, including $12.2 million related to non-cash stock based compensation expense from the stock option review, increased by a $25.4 million change in working capital. Strong revenue, accompanied by tight cost control and operating efficiencies, continually improved operating margins and thus cash flows from operations in 2005. Deferred revenue continued to increase in 2005 and more than offset increases in accounts receivable, displaying our success in driving more business to Monster. Furthermore, the disposition of our Directional Marketing business significantly improved the consistency of our cash flows from operations and its correlation to operating income from quarter to quarter. Cash flow from operating activities in 2005 was decreased by $19.6 million from cash used in our discontinued Directional Marketing businesses.

We used $302.7 million of cash for investing activities for the year ended December 31, 2005. The use of cash mainly reflects our net cash purchase of JobKorea for $89.6 million and Emailjob SAS for $20.7 million. In addition we paid $50.1 million for a 40% investment in ChinaHR.com. We have certain rights and obligations, the amount and likelihood of which are not currently determinable, to acquire a 51% or more interest in our equity investee, ChinaHR, in the event of an initial public offering or February 1, 2008, whichever comes first. In the fourth quarter of 2005, we invested $118.5 million of our cash in marketable debt securities with varying maturity dates. We also paid $28.6 million of indebtedness related to purchase acquisitions. These uses of cash were substantially offset by $50.1 million of net cash received from the sale of our Directional Marketing and other businesses. Furthermore, we used $39.8 million of cash for capital expenditures for the year ended December 31, 2005.

Cash provided by financing activities in the 2005 period consists of $95.0 million of cash received from employee stock option exercises, slightly offset by $1.8 million of payments on capitalized lease obligations and other miscellaneous indebtedness. In November 2005, our Board of Directors authorized a share repurchase plan up to $100.0 million over 30 months. For the year ended December 31, 2005, we used $7.9 million to repurchase 200,000 shares of common stock under this authorized plan. In addition, during the year ended December 31, 2005, we used cash of $1.4 million to repurchase shares in connection with a former executive's employment agreement.

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 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

On January 14, 2005, we amended and restated the terms of our secured revolving credit facility. The amended and restated credit facility provides for maximum borrowings to be increased from

$100 million to $125 million at our request under certain conditions and extends the expiration date from April 7, 2006 to June 30, 2008. Under the amended and restated credit facility, loans will bear interest, at our option at either (1) the higher of (a) prime rate or (b) Federal Funds rate plus $^1/_2$ of 1%, plus a margin determined by the ratio of our debt to earnings before interest, taxes, depreciation and amortization EBITDA as defined in the amended and restated 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 amended and restated revolving credit agreement. The amended and restated agreement contains certain covenants which restrict, among other things, our ability to borrow, pay dividends, repurchase our common stock, acquire businesses, distribute assets, guarantee debts of others and lend funds to affiliated companies and contains criteria on the maintenance of certain financial statement amounts and ratios, all as defined in the agreement. At December 31, 2005, the utilized portion of our financing agreement was $3.5 million for standby letters of credit and $96.5 million was unused.

We use forward foreign exchange contracts as cash flow hedges to offset risks related to foreign currency transactions. These transactions primarily relate to non-functional currency denominated inter-company funding loans and non-functional currency accounts receivable and non-functional currency indebtedness. We do not trade derivative financial instruments for speculative purposes.

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 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 cash and cash equivalents and short-term investments in a variety of marketable debt instruments of high quality issuers, including money market funds, commercial paper, auction rate bonds 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 December 31, 2005, net unrealized losses on these investments were not material.

We also conduct operations in 26 foreign countries, including Australia, Belgium, Canada, China, France, Germany, Ireland, India, Italy, the Netherlands, South Korea, Spain, Sweden and the United Kingdom. For the year ended December 31, 2005, approximately 29% 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. Accordingly, we will be subject to risk for exchange rate fluctuations between such local currencies and the dollar.

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 year ended December 31, 2005, our cumulative translation adjustment account decreased $62.8 million, primarily attributable to the strengthening of the U.S. dollar against the Euro, the Swedish Krona and the British Pound.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The following are the consolidated financial statements and exhibits of Monster Worldwide, Inc., which are filed as part of this report.

MONSTER WORLDWIDE, INC.
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

(All other items on this report are inapplicable)

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

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

We have audited the accompanying consolidated balance sheets of Monster Worldwide, Inc. (the "Company") as of December 31, 2005 and 2004 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Monster Worldwide, Inc. at December 31, 2005 and 2004, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2005**,** in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 2, the accompanying consolidated balance sheets as of December 31, 2005 and 2004 and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended December 31, 2005 have been restated.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Monster Worldwide, Inc.'s internal control over financial reporting as of December 31, 2005, based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated February 3, 2006 (December 11, 2006 as to the effect of the material weakness described in Management's Report on Internal Control over Financial Reporting (as revised)) expressed an unqualified opinion on management's assessment on the effectiveness of internal control over financial reporting and an adverse opinion on the effectiveness of internal control over financial reporting because of the existence of a material weakness.

/s/ BDO SEIDMAN, LLP

BDO Seidman, LLP

New York, New York
February 3, 2006, except for the effects of the restatement discussed in Note 2 and Note 17 which are as of December 11, 2006

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

	December 31,	
	2005	2004
	(As restated)	(As restated)
ASSETS		
Current assets:		
Cash and cash equivalents	$ 196,597	$ 198,111
Available-for-sale securities	123,747	
Accounts receivable, net of allowance for doubtful accounts of $14,067 and $12,551 in 2005 and 2004, respectively	392,439	318,530
Prepaid and other	60,276	51,826
Current assets of discontinued operations		135,044
Total current assets	**773,059**	**703,511**
Property and equipment, net	93,352	81,415
Goodwill	679,008	607,753
Intangibles, net	56,670	56,985
Investment in unconsolidated affiliate	46,758	
Other assets	29,868	28,511
Non-current assets of discontinued operations		76,778
Total assets	**$ 1,678,715**	**$ 1,554,953**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 100,047	$ 111,430
Accrued expenses and other current liabilities	196,222	164,306
Income taxes payable	49,397	41,682
Deferred revenue	328,902	231,382
Current portion of long-term debt	31,378	29,262
Current liabilities of discontinued operations		162,039
Total current liabilities	**705,946**	**740,101**
Long-term debt, less current portion	15,678	33,975
Deferred income taxes	22,374	
Other long-term liabilities	1,377	1,140
Non-current liabilities of discontinued operations		122
Total liabilities	**745,375**	**775,338**
Commitments and contingencies (Note 14)		
Stockholders' equity:		
Preferred stock, $.001 par value, authorized 800 shares; issued and outstanding: none		
Common stock $.001 par value, authorized 1,500,000 shares; issued: 121,830 and 116,697 shares, respectively; outstanding: 120,703 and 115,770 shares, respectively	122	117
Class B common stock, $.001 par value, authorized 39,000 shares; issued and outstanding: 4,762 shares	5	5
Additional paid-in capital	1,553,339	1,446,234

	December 31,	
Accumulated other comprehensive income	35,515	98,027
Unamortized stock based compensation	(4,403)	(15,336)
Retained deficit	(651,238)	(749,432)
Total stockholders' equity	**933,340**	**779,615**
Total liabilities and stockholders' equity	**$ 1,678,715**	**$ 1,554,953**

See accompanying notes.

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

	Years Ended December 31,		
	2005	**2004**	**2003**
	(As restated)	**(As restated)**	**(As restated)**
Revenue	**$ 986,917**	**$ 756,131**	**$ 552,098**
Salaries and related	439,465	361,372	276,580
Office and general	187,204	158,975	133,389
Marketing and promotion	196,070	150,359	116,100
Business reorganization and other special charges			45,396
Total operating expenses	**822,739**	**670,706**	**571,465**
Operating income (loss)	**164,178**	**85,425**	**(19,367)**
Interest income (expense), net	4,196	(467)	(953)
Other, net	2,033	(543)	(292)
Interest and other, net	6,229	(1,010)	(1,245)
Income (loss) from continuing operations before income taxes	170,407	84,415	(20,612)
Income taxes	60,809	31,636	2,341
Losses in equity interest	(3,397)		
Income (loss) from continuing operations	**106,201**	**52,779**	**(22,953)**
Income (loss) from discontinued operations, net of tax	(8,007)	5,957	(85,871)
Net income (loss)	**$ 98,194**	**$ 58,736**	**$ (108,824)**
Basic earnings (loss) per share:			
Income (loss) from continuing operations	$ 0.87	$ 0.45	$ (0.20)
Income (loss) from discontinued operations, net of tax	(0.07)	0.05	(0.77)
Net income (loss)	**$ 0.80**	**$ 0.50**	**$ (0.97)**
Diluted earnings (loss) per share:			
Income (loss) from continuing operations	$ 0.85	$ 0.44	$ (0.20)
Income (loss) from discontinued operations, net of tax	(0.06)	0.05	(0.77)
Net income (loss)	**$ 0.79**	**$ 0.49**	**$ (0.97)**
Weighted average shares outstanding:			
Basic	122,055	117,738	112,124
Diluted	125,038	120,075	112,124

See accompanying notes.

MONSTER WORLDWIDE, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands)

	Shares of Common Stock	Shares of Class B Common Stock	Common Stock and Additional Paid-In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Unamortized Stock based compensation	Total Stockholders' Equity
Balance, December 31, 2002	**107,475**	**4,762**	**$ 1,277,017**	**$ (477,980)**	**$ 14,402**	**$**	**$ 813,439**
Cumulative effect of restatement (See Note 2)			**313,641**	**(221,364)**		**(63,197)**	**29,080**
Balance, December 31, 2002, as restated	**107,475**	**4,762**	**1,590,658**	**(699,344)**	**14,402**	**(63,197)**	**842,519**
Net loss, as restated				(108,824)			(108,824)
Net unrealized gain on forward foreign exchange contracts					311		311
Change in cumulative foreign currency translation adjustment					44,215		44,215
Comprehensive loss, as restated							(64,298)
Issuance of common stock for stock option exercises, 401(k) match, stock bonus arrangements and other	1,741		22,964				22,964
Tax benefit (reversals) of stock options exercised, as restated			(2,849)				(2,849)
Distribution of net assets of Hudson Highland Group, Inc.			(341,394)				(341,394)
Contribution from former joint venture partners			8,852				8,852
Deferred compensation stock options			297			34,400	34,697
Balance, December 31, 2003, as restated	**109,216**	**4,762**	**$ 1,278,528**	**$ (808,168)**	**$ 58,928**	**$ (28,797)**	**$ 500,491**
Net income, as restated				58,736			58,736
Net unrealized loss on forward foreign exchange contracts					(35)		(35)
Change in cumulative foreign currency translation adjustment					39,134		39,134
Comprehensive income, as restated							97,835
Public offering of common stock	2,500		55,673				55,673
Issuance of common stock in connection with business combinations	2,147		56,940				56,940
Issuance of common stock for stock option exercises, 401(k) match and other	2,627		50,091				50,091
Tax benefit (reversals) of stock options exercised, as restated			(2,569)				(2,569)
Deferred compensation stock options						16,064	16,064
Stock based compensation	207		7,693			(2,603)	5,090
	116,697	**4,762**	**$ 1,446,356**	**$ (749,432)**	**$ 98,027**	**$ (15,336)**	**$ 779,615**

	Shares of Common Stock	Shares of Class B Common Stock	Common Stock and Additional Paid-In Capital	Retained Earnings (Deficit)	Accumulated Other Comprehensive Income (Loss)	Unamortized Stock based compensation	Total Stockholders' Equity
Balance, December 31, 2004, as restated							
Net income, as restated				98,194			98,194
Net unrealized gain on forward foreign exchange contracts and other					269		269
Change in cumulative foreign currency translation adjustment					(62,781)		(62,781)
Comprehensive income, as restated							35,682
Issuance of common stock for stock option exercises, 401(k) match and other	4,996		99,323				99,323
Tax benefit of stock options exercised, as restated			12,556				12,556
Repurchase of common stock			(9,304)				(9,304)
Deferred compensation stock options						12,733	12,733
Stock based compensation	137		4,535			(1,800)	2,735
Balance, December 31, 2005, as restated	**121,830**	**4,762**	**$ 1,553,466**	**$ (651,238)**	**$ 35,515**	**$ (4,403)**	**$ 933,340**

See accompanying notes.

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

	Years Ended December 31,		
	2005	**2004**	**2003**
	(As restated)	**(As restated)**	**(As restated)**
Cash flows provided by operating activities:			
Net income (loss)	**$ 98,194**	**$ 58,736**	**$ (108,824)**
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
(Income) loss from discontinued operations, net of tax	8,007	(5,957)	85,871
Depreciation and amortization	37,955	33,028	23,350
Provision for doubtful accounts	9,592	5,310	7,620
Tax benefit from stock options exercises	12,556	(2,569)	(2,849)
Net loss on write-off of fixed assets			27,208
Non-cash compensation	14,974	15,840	26,823
Common stock issued for matching contribution to 401(k) plan and other	3,813	4,280	6,406