

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For The Three Months Ended February 3, 2002

Or

Transition Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the transition period from _____ to _____

Commission File No. 1-9232

VOLT INFORMATION SCIENCES, INC.

(Exact name of registrant as specified in its charter)

New York

13-5658129

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

560 Lexington Avenue, New York, New York 10022

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (212) 704-2400

Not Applicable

(Former name, former address and former fiscal year,
if changed since last report)

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, and (2) has been subject to such filing requirements
for the past 90 days.

Yes No

The number of shares of the Registrant's common stock, \$.10 par value,
outstanding as of March 8, 2002 was 15,215,665.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
FORM 10-Q
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PART I - FINANCIAL INFORMATION

ITEM 1 - FINANCIAL STATEMENTS

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

<TABLE>

<CAPTION>

	Three Months Ended	
	February 3, 2002	February 4, 2001
	(Dollars in thousands, except per share data)	
<S>	<C>	<C>
NET SALES	\$ 338,753	\$ 509,178
COSTS AND EXPENSES:		
Cost of sales	326,975	487,929
Selling and administrative	15,428	14,564
Depreciation and amortization--Note K	5,509	6,041
	347,912	508,534
OPERATING (LOSS) PROFIT	(9,159)	644
OTHER INCOME (EXPENSE):		
Interest income	198	182
Other (expense) income-net--Note F	(318)	64
Foreign exchange loss-net--Note J	(13)	(254)
Interest expense	(1,823)	(3,877)
Loss from continuing operations before income taxes	(11,115)	(3,241)
Income tax benefit	4,392	1,441
Loss from continuing operations	(6,723)	(1,800)
Discontinued Operations--Note H:		
Loss from operations, net of income taxes	(197)	(85)
Gain on disposal, including tax benefit	4,507	
Gain (loss) from discontinued operations	4,310	(85)
NET LOSS	(\$2,413)	(\$1,885)

<CAPTION>

	Per Share Data	
	<C>	<C>
<S>		
Basic and Diluted:		
Loss from continuing operations per share	(\$0.44)	(\$0.12)
Gain from discontinued operations per share	(\$0.28)	
Net loss per share	(\$0.16)	(\$0.12)

Weighted average number of shares--Note G

15,215,665

15,208,770

</TABLE>

See accompanying notes to condensed consolidated financial statements

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

<TABLE>

<CAPTION>

	February 3, 2002	November 4, 2001(a)		
	-----	-----		
	(Unaudited)			
	(Dollars in thousands)			
<S>	<C>	<C>		
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 21,049	\$ 18,474		
Short-term investments	3,814	3,778		
Trade accounts receivable less allowances of \$10,131 (2002) and \$9,376 (2001)		304,221	362,784	
Assets held for sale--Note H		47,635		
Recoverable income taxes	5,688			
Inventories--Note B	34,203	36,186		
Deferred income taxes	8,405	8,585		
Prepaid expenses and other assets	17,206	13,487		
	-----	-----		
TOTAL CURRENT ASSETS		394,586	490,929	
Investment in joint venture--Note F		3,466	3,739	
Property, plant and equipment less allowances for depreciation and amortization of \$75,291 (2002) and \$70,517 (2001)--Note D		94,683	97,147	
Deposits and other assets	4,167	5,152		
Intangible assets-net of accumulated amortization of \$12,363 (2002) and \$12,138 (2001)--Note K	40,025	40,269		
	-----	-----		
TOTAL ASSETS		\$ 536,927	\$ 637,236	
	=====	=====		
CURRENT LIABILITIES AND STOCKHOLDERS' EQUITY				
CURRENT LIABILITIES				
Notes payable to banks--Note C	\$ 15,845	\$ 65,843		
Current portion of long-term debt--Note D	31,435	31,429		
Accounts payable	101,179	114,544		
Liabilities related to assets held for sale--Note H		26,313		
Accrued wages and commissions	39,755	47,282		
Accrued taxes other than income taxes	17,801	15,412		
Accrued interest and other accruals	13,051	20,936		
Customer advances and other liabilities	23,417	16,548		
Income taxes	2,038			
	-----	-----		
TOTAL CURRENT LIABILITIES		242,483	340,345	
Long-term debt--Note D	15,910	15,993		
Deferred income taxes	11,121	11,086		
STOCKHOLDERS' EQUITY--Notes C, D and E				
Preferred stock, par value \$1.00; Authorized--500,000 shares; issued--none				
Common stock, par value \$.10; Authorized--30,000,000 shares; issued--15,215,665 shares		1,522	1,522	
Paid-in capital	41,002	41,002		
Retained earnings	225,353	227,766		
Accumulated comprehensive loss	(464)	(478)		
	-----	-----		
TOTAL STOCKHOLDERS' EQUITY		267,413	269,812	
	-----	-----		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		\$ 536,927	\$ 637,236	
	=====	=====		

</TABLE>

(a) The Balance sheet at November 4, 2001 has been derived from the audited

financial statements at that date. See accompanying notes to condensed consolidated financial statements.

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<TABLE>
<CAPTION>

	Three Months Ended			
	February 3, 2002	February 4, 2001		
	-----	-----		
	(Dollars in thousands)			
	<C>	<C>		
CASH PROVIDED BY (APPLIED TO) OPERATING ACTIVITIES				
Net loss	(\$ 2,413)	(\$ 1,885)		
Adjustments to reconcile net (loss) income to cash provided by (applied to) operating activities:				
Discontinued operations	(4,310)	85		
Depreciation and amortization	5,509	6,041		
Equity in net loss of joint venture	273	338		
Accounts receivable provisions	1,833	1,508		
Loss on foreign currency translation	22	15		
Deferred income tax provision	203	315		
Other	39	97		
Changes in operating assets and liabilities:				
Decrease in accounts receivable	55,965	12,512		
Decrease in inventories	1,983	5,269		
(Increase) decrease in prepaid expenses and other current assets		(3,572)	112	
Decrease other assets	865	1,060		
Decrease in accounts payable	(12,910)	(20,546)		
Decrease in accrued expenses	(13,242)	(2,322)		
Increase in customer advances and other liabilities	6,980	10,965		
Decrease in income taxes payable	(5,980)	(7,782)		
	-----	-----		
NET CASH PROVIDED BY OPERATING ACTIVITIES			\$ 31,245	\$ 5,782
	-----	-----		

</TABLE>

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)--Continued

<TABLE>
<CAPTION>

	Three Months Ended			
	February 3, 2002	February 4, 2001		
	-----	-----		
	(Dollars in thousands)			
	<C>	<C>		
CASH PROVIDED BY (APPLIED TO) INVESTING ACTIVITIES				
Sales of investments	\$ 387	\$ 225		
Purchases of investments	(232)	(315)		
Proceeds from disposals of property, plant and equipment		93	201	
Purchases of property, plant and equipment		(2,995)	(9,188)	
Proceeds from sale of subsidiary		24,233		
Other	(191)	(48)		
	-----	-----		
NET CASH PROVIDED BY (APPLIED TO) INVESTING ACTIVITIES			21,295	(9,125)
	-----	-----		

CASH (APPLIED TO) PROVIDED BY FINANCING ACTIVITIES

Payment of long-term debt	(77)	(225)		
Exercise of stock options		25		
(Decrease) increase in notes payable to banks		(49,623)	4,182	
	-----	-----		
NET CASH (APPLIED TO) PROVIDED BY FINANCING ACTIVITIES			(49,700)	3,982
	-----	-----		
Effect of exchange rate changes on cash		(265)	(32)	
	-----	-----		
NET INCREASE IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS			2,575	607
Net increase in cash and cash equivalents from discontinued operations			2,154	
	-----	-----		
NET INCREASE IN CASH AND CASH EQUIVALENTS			2,575	2,761
Cash and cash equivalents, beginning of period		18,474	34,099	
	-----	-----		
CASH AND CASH EQUIVALENTS, END OF PERIOD			\$ 21,049	\$ 36,860
	=====	=====		

SUPPLEMENTAL INFORMATION

Cash paid during the period:

Interest expense	\$ 1,514	\$ 3,109
Income taxes, net of refunds	\$ 1,384	\$ 6,618

</TABLE>

See accompanying notes to condensed consolidated financial statements.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

Note A--Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with the instructions for Form 10-Q and Article 10 of Regulation S-X and, therefore, do not include all information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation of the Company's consolidated financial position at February 3, 2002 and consolidated results of operations and consolidated cash flows for the three months ended February 3, 2002 and February 4, 2001. Operating results for interim periods are not necessarily indicative of the results that may be expected for the fiscal year.

These statements should be read in conjunction with the financial statements and footnotes included in the Company's Annual Report on Form 10-K for the year ended November 4, 2001. The accounting policies used in preparing these financial statements are the same as those described in that Report. The Company's fiscal year ends on the Sunday nearest October 31.

Note B--Inventories

Inventories of accumulated unbilled costs and materials by segment are as follows:

	February 3, 2002	November 4, 2001
	-----	-----
	(Dollars in thousands)	
Staffing Services	\$ 28	\$ 29
Telephone Directory	15,254	9,805
Telecommunications Services	15,626	22,970
Computer Systems	3,295	3,382
	-----	-----

Total	\$34,203	\$36,186
-------	----------	----------

The cumulative amounts billed under service contracts at February 3, 2002 and November 4, 2001 of \$4.8 million and \$4.6 million, respectively, are credited against the related costs in inventory.

Note C--Short-Term Borrowings

At February 3, 2002, the Company had credit lines with domestic and foreign banks that provide for borrowings and letters of credit up to an aggregate of \$127.7 million, including \$115.5 million under a syndicated revolving credit agreement which expires in September 2002. Borrowings under the revolving credit facility bear interest at various interest rates, with the Company having the option to select the most favorable rate at the time of borrowing. The revolving credit facility requires the maintenance of various financial ratios and covenants, including a fixed charge ratio and a requirement that the Company maintain a consolidated net worth of \$230.0 million, plus 50% of consolidated net income for the fiscal year being measured, resulting in a

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)--Continued

Note C--Short-Term Borrowings--Continued

requirement at February 3, 2002 to maintain consolidated net worth of \$230.0 million. The credit agreement also contains certain limitations on the extent to which the Company and its subsidiaries may incur additional indebtedness, pay dividends, repurchase capital stock, grant liens and sell assets. In connection with the repayment of the Senior Notes described in Note D, the Company and the bank lenders under the Company's revolving credit agreement, amended, effective February 1, 2002, various covenants in that agreement. The Company also agreed to secure, and subsequently secured, its obligations under the revolving credit agreement with certain accounts receivable (the level of which at February 3, 2002 was approximately \$56.0 million). The Company believes it will remain in compliance with the amended covenants included in the revolving credit agreement throughout its remaining term. At February 3, 2002, the Company had total outstanding bank borrowings of \$15.8 million, of which \$11.7 million was borrowed under the revolving credit line.

Note D--Long-Term Debt

Long-term debt consists of the following:

	February 3, 2002	November 4, 2001
	-----	-----
	(Dollars in thousands)	
7.92% Senior Notes (a)	\$30,000	\$30,000
Term loan (b)	15,048	15,125
Notes payable (c)	2,297	2,297
	-----	-----
	47,345	47,422
Less amounts due within one year	31,435	31,429
	-----	-----
Total long-term debt	\$15,910	\$15,993
	=====	=====

(a) On August 28, 1996, the Company issued \$50.0 million of Senior Notes in a private placement to institutional investors. The notes bore interest at 7.92% per annum, payable semi-annually on February 28 and August 28, and provided for amortization of principal in five equal annual installments, which began in August 2000. In March 2000, the Company entered into a series of interest swap agreements, which effectively converted these notes, through their maturity, from fixed to floating rate debt. However in December 2000, the Company terminated the swap agreements. The fair value of the agreements at termination of \$0.5 million was paid to the Company and was reducing interest expense over the remaining term of the notes. The notes were issued pursuant to Note Purchase Agreements, which

contain various affirmative and negative covenants. One such covenant required the Company to maintain a level of consolidated net worth which, under the formula in the agreements, was \$157.1 million at February 3, 2002. However, the terms of the Company's revolving credit agreements require the Company to maintain a consolidated net worth of \$230.0 million at February 3, 2002 (see Note C).

In January 2002, the Company received a commitment from a major bank to enter into a three-year accounts receivable securitization program which, assuming completion, will provide for the financing of up to \$100.0 million of certain accounts receivable, unrelated to those used to secure the Company's obligations under its revolving credit agreement.

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)--Continued

Note D--Long-Term Debt--Continued

During the first quarter, the Company determined to prepay the remaining \$30 million of its Senior Notes in lieu of seeking amendments to the agreements under which the notes were issued. The implementation of the securitization program referred to in the preceding paragraph as well as the size of the first quarter loss necessitated the prepayment. The Company prepaid the notes on March 5, 2002, which otherwise would have been due in installments over the next two and one-half years. A "make whole" premium of approximately \$2.1 million will be recognized as an extraordinary pre-tax charge in the second quarter of fiscal 2002 for the extinguishment of that debt. The Company has reflected the outstanding principal amount of the Senior Notes as a current liability in the accompanying balance sheet.

- (b) In September 2001, a subsidiary of the Company entered into a \$15.1 million loan agreement with General Electric Capital Business Asset Funding Corporation. The loan, which bears interest at 8.2% per annum and requires principal and interest payments of \$0.4 million per quarter, is secured by a deed of trust on land and buildings (carrying amount at February 3, 2002, \$12.1 million). The obligation is guaranteed by the Company.
- (c) On February 9, 1999, the Company entered into a \$5.6 million installment payment agreement to finance the purchase and support of an Enterprise Resource Planning system for internal use as an accounting and back office system, which has been capitalized and is being amortized over a five to seven year period. The agreement provides for interest, calculated at 6%, and principal payments in five equal annual installments of \$1.3 million, which began in February 1999, with the final payment due February 2003.

Note E--Stockholders' Equity

Changes in the major components of stockholders' equity for the three months ended February 3, 2002 are as follows:

	Common Stock	Paid-In Capital	Retained Earnings	
	-----	-----	-----	
	(Dollars in thousands)			
Balance at November 4, 2001		\$ 1,522	\$41,002	\$227,766
Net loss for the three months			(2,413)	
	-----	-----	-----	
Balance at February 3, 2002		\$ 1,522	\$41,002	\$225,353
	=====	=====	=====	

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NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)--Continued

Note E--Stockholders' Equity--Continued

Another component of stockholders' equity, the accumulated other comprehensive loss, consists of cumulative unrealized foreign currency translation losses, net of taxes, of \$482,000 and \$468,000 at February 3, 2002 and November 4, 2001, respectively, and an unrealized gain, net of taxes, of \$18,000 and an unrealized loss, net of taxes, of \$10,000 in marketable securities at February 3, 2002 and November 4, 2001, respectively. Changes in these items, net of income taxes, are included in the calculation of comprehensive loss as follows:

<TABLE>
<CAPTION>

	Three Months Ended	
	February 3, 2002	February 4, 2001
	(Dollars in thousands)	
	<C>	<C>
Net loss	(\$2,413)	(\$1,885)
Foreign currency translation adjustments-net		(14) 185
Unrealized gain (loss) on marketable securities-net		28 (11)
Total comprehensive loss	(\$2,399)	(\$1,711)

</TABLE>

Note F--Joint Venture

The Company owns a 50% interest in westVista Advertising Services, a joint venture with a subsidiary of TELUS Corporation. The venture was formed in fiscal 1998 for the acquisition or establishment and subsequent operation of one or more businesses engaged in the publication of telephone directories in the western United States. Additional acquisitions by the joint venture have been suspended. In the first quarter of fiscal 2002, sales of the venture were \$0.5 million and the Company's portion of the loss sustained was \$0.3 million, which is included in other (expense) income.

Note G--Per Share Data

In calculating basic earnings per share, the dilutive effect of stock options are excluded. Diluted earnings per share are computed on the basis of the weighted average number of shares of common stock outstanding and the assumed exercise of dilutive outstanding stock options based on the treasury stock method.

<TABLE>
<CAPTION>

	Three Months Ended	
	February 3, 2002	February 4, 2001
	<C>	<C>
Denominator for basic and diluted earnings per share - Weighted average number of shares	15,215,665	15,208,770

</TABLE>

Due to a pre-tax loss in the first quarter of fiscal 2002 and 2001, none of the options to purchase 571,201 and 586,211 shares, respectively, of the Company's common stock were included in the computation of diluted earnings per share because the effect would be antidilutive.

Note H--Sale and Acquisitions of Subsidiaries and Businesses

On November 30, 2001, the Company's 59% owned publicly-held subsidiary, Autologic Information International, Inc. ("Autologic"), that comprised the

Company's Electronic Publication and Typesetting segment, was acquired by Agfa Corporation through a tender offer for all of Autologic's outstanding shares and a subsequent merger. The Company received \$24.2 million for its shares. The Company's gain on the transaction of \$4.5 million, including a tax benefit of \$1.7 million, is reflected in the Company's first quarter of fiscal 2002. The results of operations of Autologic have been classified as discontinued, Autologic's prior period results have been reclassified and its assets and liabilities have been included as separate line items on the Company's fiscal 2001 balance sheet.

Included in discontinued operations for the quarters ended February 3, 2002 (through November 30, 2001) and February 4, 2001 are:

	Three Months Ended	
	February 3, 2002	February 4, 2001
	(Dollars in thousands)	
Revenue	\$ 3,296	\$ 16,757
Loss before taxes and minority interest	\$ (488)	\$ (88)
Income tax benefit (provision)	153	(140)
Minority interest	138	143
Loss from operations	(197)	(85)
Gain on disposal before tax benefit	2,761	
Income tax benefit	1,746	
Gain on disposal	4,507	
Gain (loss) from discontinued operations	\$ 4,310	\$ (85)

Autologic's assets and liabilities reclassified in the November 4, 2001 balance sheet include:

	November 4, 2001
	(Dollars in thousands)
Cash	\$14,879
Accounts receivable	10,807
Inventory	7,782
Deferred taxes and other current assets	5,717
Property, plant and equipment, net	4,401
Deferred taxes and other non-current assets	4,049
Assets held for sale	\$47,635
Accounts payable	\$ 2,358
Accrued expenses	4,333
Customer advances and other liabilities	4,037
Minority interest	15,585
Liabilities related to assets held for sale	\$26,313

2002 and February 4, 2001, included on page 13 of this Report, are an integral part of these financial statements. During the three months ended February 3, 2002, consolidated assets decreased by \$100.3 million, primarily due to the sale of Autologic and decreased accounts receivable in the Staffing Services and Telecommunications Services segments.

Note J--Derivative Financial Instruments

The Company enters into derivative financial instruments only for hedging purposes. All derivative financial instruments, such as interest rate swap contracts and foreign currency options and exchange contracts, are recognized in the consolidated financial statements at fair value regardless of the purpose or intent for holding the instrument. Changes in the fair value of derivative financial instruments are either recognized periodically in income or in stockholders' equity as a component of comprehensive income, depending on whether the derivative financial instrument qualifies for hedge accounting, and if so, whether it qualifies as a fair value hedge or cash flow hedge. Generally, changes in fair values of derivatives accounted for as fair value hedges are recorded in income along with the portions of the changes in the fair values of the hedged items that relate to the hedged risks. Changes in fair values of derivatives accounted for as cash flow hedges, to the extent they are effective as hedges, are recorded in other comprehensive income, net of deferred taxes. Changes in fair values of derivatives not qualifying as hedges are reported in the results of operations. At February 3, 2002, the Company had no derivative financial instruments.

Note K--Goodwill

As of November 5, 2001, the Company adopted Financial Accounting Standards Board Statement No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). Under the new rules, goodwill is no longer amortized, but is subject to annual impairment tests. As a result, the Company did not incur any expense for the amortization of goodwill in the first quarter of fiscal 2002. The pre-tax expense for the amortization of goodwill was \$0.8 million in the first quarter of fiscal 2001. The Company is performing the first of the required impairment tests of goodwill and other intangible assets as of the beginning of fiscal 2002. At that date, the Company's goodwill, related to prior acquisitions, amounted to approximately \$40.0 million. The Company's revaluation under the new accounting rules is expected to be completed during the second quarter and it is likely that there will be a material write-down due to indications of impairment, reflecting declines in market value of the acquisitions since they were purchased. The charge for the write-down, to the extent required, will be reported as a Cumulative Effect of a Change in Accounting with the six months results, and will result in a restatement of the first quarter 2002 results at that time.

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

THREE MONTHS ENDED FEBRUARY 3, 2002 COMPARED TO THE THREE MONTHS ENDED FEBRUARY 4, 2001

The information, which appears below, relates to current and prior periods, the results of operations for which periods are not necessarily indicative of the results which may be expected for any subsequent periods. Management makes no predictions or estimates as to future operations and no inferences as to future operations should be drawn.

On November 30, 2001, the Company's 59% owned publicly-held subsidiary, Autologic Information International, Inc. ("Autologic"), that comprised the Company's Electronic Publication and Typesetting segment, was acquired by Agfa Corporation. The results of operations of Autologic have been classified as discontinued. See "Effects of the Sale of Autologic," below.

<TABLE>
<CAPTION>

Three Months Ended

February 3, February 4,

	2002	2001
	-----	-----
	(Dollars in thousands)	
<S>	<C>	<C>
Net Sales:		
Staffing Services		
Traditional Staffing	\$ 265,157	\$ 337,772
Managed Services	119,452	183,789
	-----	-----
Total Gross Sales	384,609	521,561
Less: Non-recourse Managed Services	(106,766)	(108,580)
	-----	-----
Net Staffing Services Sales	277,843	412,981
Telephone Directory	10,624	13,157
Telecommunications Services	33,070	70,906
Computer Systems	21,517	15,266
Elimination of intersegment sales	(4,301)	(3,132)
	-----	-----
Total Net Sales	\$ 338,753	\$ 509,178
	=====	=====
Segment Operating (Loss) Profit:		
Staffing Services	(\$ 2,328)	\$ 2,042
Telephone Directory	(366)	(1,001)
Telecommunications Services	(2,966)	2,736
Computer Systems	2,111	1,713
	-----	-----
Total Segment Operating (Loss) Profit	(3,549)	5,490
General corporate expenses	(3,758)	(3,491)
Financial reporting system expenses	(1,852)	(1,355)
	-----	-----
Total Operating (Loss) Profit	(9,159)	644
Interest and other income	(120)	246
Foreign exchange loss-net	(13)	(254)
Interest expense	(1,823)	(3,877)
	-----	-----
Loss from continuing operations before income taxes	(\$ 11,115)	(\$ 3,241)
	=====	=====

</TABLE>

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS--Continued

THREE MONTHS ENDED FEBRUARY 3, 2002 COMPARED
TO THE THREE MONTHS ENDED FEBRUARY 4, 2001--Continued

Forward-Looking Statements Disclosure

This Report and other reports and statements issued by the Company and its officers, from time-to-time, contain certain statements concerning the Company's future plans, objectives, performance, intentions and expectations that are, or may be deemed to be, "forwarding-looking statements." Although the Company believes that its expectations are based on reasonable assumptions, these forward-looking statements are subject to a number of known and unknown risks and uncertainties that could cause the Company's actual results, performance and achievements to differ materially from those described or implied in the forward-looking statements. These risks and uncertainties include, but are not limited to:

- o general economic, competitive and other business conditions, including the current recession in the U.S. and European economies, the length and depth of the recession and the timing of the recovery
- o continued financial strength of the Company's customers, some of which have announced layoffs, unfavorable financial results, investigations by government agencies and lowered financial expectations for the near term
- o the degree and timing of obtaining new contracts and the rate of renewals

- of existing contracts, as well as customers' degree of utilization of the Company's services
- o material changes in demand from larger customers, including those with which the Company has national contracts
- o the effect of litigation by temporary employees against temporary help companies and the customers with which they do business
- o variations in the rate of unemployment and higher wages sought by temporary workers, especially those in certain technical fields particularly characterized by labor shortages, which could affect the Company's ability to meet its customers' demands and the Company's profit margins
- o changes in customer attitudes toward the use of outsourcing and temporary personnel
- o the Company's ability to recruit qualified employees to satisfy customer requirements for the Company's Staffing Services
- o the Company's ability to attract and retain certain classifications of technologically qualified personnel for its own use, particularly in the areas of research and development and customer service and maintain superior technological capability and manage risks inherent in the development, implementation and upgrading of internal systems
- o intense price competition and pressure on margins
- o the Company's ability to meet competition in highly competitive markets with minimal impact on margins
- o the Company's ability to achieve customer acceptance of its products and systems in markets characterized by rapidly changing technology and frequent new product introductions
- o the Company's ability to foresee changes and to identify, develop and commercialize innovative and competitive products and systems in a timely and cost effective manner
- o risks inherent in new product introductions, such as start-up delays, cost overruns and uncertainty of customer acceptance
- o the Company's performance on contracts
- o the timing of customer acceptances of systems
- o the Company's dependence on third parties for some product components
- o changes in laws, regulations and government policies
- o the degree and effects of inclement weather

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

THREE MONTHS ENDED FEBRUARY 3, 2002 COMPARED TO THE THREE MONTHS ENDED FEBRUARY 4, 2001--Continued

These and certain other factors are discussed in the Company's Annual Report on Form 10-K for the fiscal year ended November 4, 2001 and, from time-to-time, in the Company's other reports filed with the Securities and Exchange Commission.

Effects of the Sale of Autologic

On November 30, 2001, the Company's 59% owned publicly-held subsidiary, Autologic Information International, Inc. ("Autologic"), that comprised the Company's Electronic Publication and Typesetting segment, was acquired by Agfa Corporation through a tender offer for all of Autologic's outstanding shares and a subsequent merger. The Company received \$24.2 million for its shares. The Company's gain on the transaction of \$4.5 million, including a tax benefit of \$1.7 million, is reflected in the Company's first quarter of fiscal 2002. The results of operations of Autologic have been classified as discontinued, Autologic's prior period results have been reclassified and its assets and liabilities have been included as separate line items on the Company's fiscal 2001 balance sheet.

First Quarter Fiscal 2002 Results to be Restated

In accordance with Financial Accounting Standards Board Statement No. 142 (see "The Effect of New Accounting Pronouncements," below), the Company is performing the first of the required impairment tests of goodwill and other intangible assets as of the beginning of fiscal 2002. At that date, the Company's goodwill, related to prior acquisitions, amounted to approximately \$40.0 million. The Company's revaluation under the new accounting rules is expected to be completed during the second quarter and it is likely that there will be a material

write-down due to indications of impairment, reflecting declines in market value of the acquisitions since they were purchased. The charge for the write-down, to the extent required, will be reported as a Cumulative Effect of a Change in Accounting with the six months results, and will result in a restatement of the first quarter 2002 results of operations at that time.

Second Quarter Fiscal 2002 Transaction

On March 5, 2002, the Company prepaid the remaining \$30.0 million of its 7.92% Senior Notes. A "make whole" premium of \$2.1 million paid with the prepayment will be recognized as an extraordinary pre-tax charge in the second quarter of fiscal 2002 for the extinguishment of that debt.

Results of Operations - Summary

The following information is provided with respect to the Company's results of operations prior to giving effect to the expected restatement of the Company's results of operations that will be made following completion of the Company's impairment testing of goodwill and other intangible assets as of the beginning of fiscal 2002 and which will require a restatement of the Company's first quarter of fiscal 2002 results of operations that are discussed below (see "First Quarter Fiscal 2002 Results to be Restated," above).

In the three-month period of fiscal 2002, consolidated net sales decreased by \$170.4 million, or 33%, to \$338.8 million from the comparable period in fiscal 2001. The decrease in fiscal 2002 net sales resulted primarily from a \$135.1 million decrease in sales by the Staffing Services segment, a \$37.8 million decrease in sales by the

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

THREE MONTHS ENDED FEBRUARY 3, 2002 COMPARED TO THE THREE MONTHS ENDED FEBRUARY 4, 2001--Continued

Results of Operations - Summary--Continued

Telecommunications Services segment and a \$2.5 million decrease in sales by the Telephone Directory segment, partially offset by a \$6.3 million increase in sales by the Computer Systems segment.

The Company's first quarter fiscal 2002 loss from continuing operations before income taxes was \$6.7 million, compared to \$1.8 million in fiscal 2001. The Company's segments reported an operating loss of \$3.5 million in the first quarter of fiscal 2002 compared with an operating profit of \$5.5 million in the fiscal 2001 first quarter. Operating losses of \$2.3 million and \$3.0 million were reported by the Staffing Services and Telecommunications Services segments, respectively, compared to operating profits of \$2.0 million and \$2.7 million, respectively, in fiscal 2001. These operating losses were partially offset by a decrease in the Telephone Directory segment's operating loss and an increase in the Computer Systems segment's operating profit.

Consolidated results for the first quarter of fiscal 2002 include a \$4.5 million gain, including a tax benefit of \$1.7 million, on the sale of the Company's interest in Autologic and a loss from discontinued operations through the disposal date of \$0.2 million (\$0.1 million in fiscal 2001).

The Company incurred a net loss of \$2.4 million and \$1.9 million in the first three months of fiscal 2002 and 2001, respectively.

While first quarter results historically are the lowest for the Company's fiscal year, fiscal 2002 first quarter operating results were adversely affected by the present economic conditions, particularly in the telecommunications and high tech industries, which account for the major portion of the Company's revenues. Several of the Company's large customers in these industries closed their facilities for two to three weeks, as opposed to the usual one week during the holidays, have implemented widespread layoffs and, especially in the telecommunications industry, have significantly reduced capital spending. These factors materially adversely affected the results of the Company's Staffing Services and Telecommunications Services segments. To counteract these factors

and strengthen the Company's future results, the Company has expanded its cost containment programs, which should have a salutary effect in the traditionally stronger quarters, particularly the third and fourth quarters. A turnaround of the economy is what the Company requires to return to significant profitability.

Results of Operations - By Segment

Sales of the Staffing Services segment decreased by \$135.1 million, or 33%, to \$277.8 million in fiscal 2002 and the segment reported an operating loss of \$2.3 million compared to an operating profit of \$2.0 million in fiscal 2001.

Approximately 60% of the decline in revenues was in traditional staffing sales attributable to the Commercial and Light Industrial division which continued to be adversely affected by the nation's economic conditions. The division sustained a loss of \$4.3 million on sales of \$93.7 million during the quarter compared to an operating loss of \$1.8 million on sales of \$137.5 million for the first quarter of fiscal 2001. The increase in operating loss was the result of a 30% decline in traditional staffing sales, partially offset by reduced overhead due to cost controls. A return to a better economic climate will be necessary to return the Commercial and Light

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

THREE MONTHS ENDED FEBRUARY 3, 2002 COMPARED TO THE THREE MONTHS ENDED FEBRUARY 4, 2001--Continued

Results of Operations - By Segment--Continued

Industrial division to profitability, as the revenue declines in this division are too significant to be compensated by cost reductions. Operating profit of the Technical Placement division was \$2.0 million on sales of \$184.1 million for the first quarter of fiscal 2002 compared to an operating profit of \$3.8 million on sales of \$275.5 million for the first quarter of fiscal 2001. Despite a 16% decline in traditional staffing sales due to the holiday closedowns and layoffs discussed above, a material reduction in high margin permanent placement assignments and the implementation of several new ProcureStaff accounts, the divisional cost containment efforts limited the decline in the Technical Placement division's operating profit.

The Telephone Directory segment's sales decreased by \$2.5 million, or 19%, to \$10.6 million in fiscal 2002 first quarter while its operating loss decreased to \$0.4 million in fiscal 2002 from \$1.0 million in fiscal 2001. The segment traditionally reports losses during the first quarter due to the publication schedule of its community directory operations, with profits in the latter portion of the fiscal year. The sales decrease was primarily due to the timing of the segment's toll-free directory which will be published in the second quarter of fiscal 2002 rather than the first quarter as it had in fiscal 2001, partially offset by an increase in printing sales in Uruguay of \$1.2 million. The decrease in operating loss was primarily due to cost control initiatives and, to a lesser extent, higher gross margins.

The Telecommunications Services segment's sales decreased by \$37.8 million, or 53%, to \$33.1 million in the first quarter of fiscal 2002, and it sustained an operating loss of \$3.0 million in fiscal 2002 compared with an operating profit of \$2.7 million in fiscal 2001. The results of the segment were due to the decline in capital expenditure spending by the telecommunications industry. This factor has also increased competition for available work, pressuring pricing and margins. Many telecommunications companies ceased capital projects during the latter portion of 2001 and are still determining where to allocate 2002 capital spending. Although cost control initiatives reduced overhead by approximately 25% from the prior year's comparable quarter, the ability to reduce costs is constrained by the need to maintain certain skill sets that have traditionally been difficult to obtain. A return to profitability will be dependent on a significant economic recovery.

The Computer Systems segment's sales increased by \$6.3 million, or 41%, to \$21.5 million in fiscal 2002 and its operating profit increased to \$2.1 million in fiscal 2002 from \$1.7 million in fiscal 2001. The growth in operating profit was the result of the continued expansion of the segment's Application Service Provider (ASP) directory assistance and web-based services, as well as an

increase in demand for IT services for its Maintech division. Directory Assistance volume for the quarter was 87.7 million, a 14% increase over the fiscal 2001 fourth quarter and 55% higher than the fiscal 2001 first quarter. The fiscal 2002 first quarter also included project revenues of \$4.2 million for its European operations, VoltDelta Europe, associated with a customer's acceptance of a new operator services switching infrastructure.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

THREE MONTHS ENDED FEBRUARY 3, 2002 COMPARED TO THE THREE MONTHS ENDED FEBRUARY 4, 2001--Continued

Results of Operations - Other

Other items, discussed on a consolidated basis, affecting the results of operations for the three-month periods were:

Selling and administrative expenses increased by \$0.9 million, or 6%, to \$15.4 million in fiscal 2002 as a result of increased provisions for doubtful accounts, fees related to the Company's revolving credit agreement and higher financial reporting system expenses related to a new accounting and back office system. Financial reporting system expenses include equipment rental and the use of outside consultants. Selling and administrative expenses, expressed as a percentage of sales, were 4.6% in fiscal 2002 and 2.9% in fiscal 2001.

Depreciation and amortization decreased by \$0.5 million, or 9%, to \$5.5 million in fiscal 2002. The decrease was attributable to a \$0.8 million reduction in goodwill amortization due to the effect of new rules on accounting for goodwill which eliminated amortization of goodwill in favor of annual impairment tests (see "The Effect of New Accounting Pronouncements," below), partially offset by a \$0.3 million increase in depreciation expense primarily due to the amortization of the new financial reporting system.

The other loss in the first quarter of fiscal 2002 of \$0.3 million resulted primarily from the Company's share of losses of its joint venture, westVista Advertising Services. In fiscal 2001, these losses were offset by various income items.

The foreign exchange loss in the first quarter of fiscal 2002 was \$13,000 compared with \$0.3 million in fiscal 2001. The reduction was a result of favorable currency movements in the European currency markets. To reduce the potential adverse impact from foreign currency changes on the Company's foreign currency receivables and firm commitments, foreign currency options are purchased, when required, during, and generally settled on the last weekday, of each quarter.

Interest expense decreased by \$2.1 million, or 53%, to \$1.8 million in the first quarter of fiscal 2002. The decrease was the result of lower borrowings under the Company's revolving credit agreement due to the application of \$24.2 million of the proceeds received from the sale of Autologic on November 30, 2001 and reduced working capital requirements, partially offset by increased interest expense related to a \$15.1 million 8.2% term loan and higher interest rates in Uruguay.

The Company's effective tax rate was a 39.5% benefit and a 44.5% benefit in fiscal 2002 and 2001, respectively. The decreased rate was attributable to the absence in fiscal 2002 of non-deductible goodwill amortization and foreign losses for which no tax benefit was provided.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

Liquidity and Sources of Capital

Cash and cash equivalents increased by \$2.6 million to \$21.0 million in the three months ended February 3, 2002. Operating activities, exclusive of changes

in operating assets and liabilities, produced \$1.1 million of cash, as the Company's net loss of \$2.4 million included non-cash charges primarily for depreciation and amortization of \$5.5 million and accounts receivable provisions of \$1.8 million, as well as the net gain from discontinued operations of \$4.3 million. Changes in operating assets and liabilities produced \$30.1 million of cash, net, principally due to cash provided by decreases in the levels of accounts receivable of \$56.0 million and an increase of \$7.0 million in customer advances, partially offset by \$26.2 million of expenditures to reduce the level of accounts payable and accrued expenses and a \$6.0 million reduction in net income taxes payable.

The principal factor in the cash provided by investing activities was the proceeds from the sale of Autologic of \$24.2 million partially offset by the expenditure of \$3.0 million for property, plant and equipment.

A decrease of \$49.6 million in bank loans was the principal factor in the cash applied to financing activities of \$49.7 million. The funds used to reduce bank loans were the proceeds received from the sale of Autologic and cash provided due to reduced working capital requirements.

In fiscal 2000, the Company began development of a new internet-based Front End System designed to improve efficiency and connectivity in the recruiting, assignment, customer maintenance, and other functions in the branch offices of the Staffing Services segment. The total costs to develop and install this system are anticipated to be approximately \$16.0 million, of which \$5.8 million has been incurred to date. The Company has no other material capital commitments.

The Company believes that its current financial position, working capital, future cash flows and credit lines are sufficient to fund its presently contemplated operations and satisfy its debt obligations.

At February 3, 2002, the Company had \$127.7 million of credit lines with banks, of which \$115.5 million is under a revolving credit agreement that is scheduled to expire in September 2002. The Company had outstanding bank borrowings of \$11.7 million at February 3, 2002 under this line (see Note C in the Notes to Condensed Consolidated Financial Statements).

In January 2002, the Company received a commitment from a major bank to enter into a three-year accounts receivable securitization program which, assuming completion, will provide for the financing of up to \$100.0 million of certain accounts receivable and is currently negotiating a new two year secured revolving credit facility of up to \$50.0 million to replace its existing \$115.5 million revolving line of credit. The Company expects to close both facilities by the end of March 2002.

On March 5, 2002, the Company prepaid the remaining \$30.0 million outstanding of its 7.92% Senior Notes together with a "make whole" premium of \$2.1 million. In connection with the prepayment of the Senior Notes, the Company and the bank lenders under the Company's revolving credit agreement, amended, effective February 1, 2002, various covenants in that agreement. The Company also agreed to secure, and subsequently secured, its obligations under the revolving credit agreement with certain accounts receivable (the level of which at February 3, 2002 was approximately \$56.0 million). The Company believes it will remain in compliance with the amended covenants included in the revolving credit agreement throughout its remaining term.

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MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS--Continued

The Effect of New Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS 141"), and No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"), effective for fiscal years beginning after December 15, 2001. As of November 5, 2001, the Company adopted Financial Accounting Standards Board Statement No. 142, "Goodwill and Other Intangible Assets" ("SFAS 142"). Under the new rules, goodwill is no longer amortized, but is subject to annual impairment tests. As a result the Company did not incur any expense for the amortization of goodwill in

the first quarter of fiscal 2002. The pre-tax expense for the amortization of goodwill was \$0.8 million in the first quarter of fiscal 2001. The Company is performing the first of the required impairment tests of goodwill and other intangible assets as of the beginning of fiscal 2002. At that date, the Company's goodwill, related to prior acquisitions, amounted to approximately \$40.0 million. The Company's revaluation under the new accounting rules is expected to be completed during the second quarter and it is likely that there will be a material write-down due to indications of impairment, reflecting declines in market value of the acquisitions since they were purchased. The charge for the write-down, to the extent required, will be reported as a Cumulative Effect of a Change in Accounting with the six months results, and will result in a restatement of the first quarter 2002 results at that time.

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ITEM 3 - QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

The Company is subject to market risk exposure in the following areas:

Interest Rate Market Risk

The Company has cash equivalents (\$21.0 million at February 3, 2002) on which interest income is earned at variable rates. The Company also has credit lines with various domestic and foreign banks, which provide for unsecured borrowings and letters of credit up to an aggregate of \$127.7 million. At February 3, 2002, the Company had borrowings totaling \$15.8 million under these agreements. The interest rates on these borrowings are variable and, therefore, interest expense and interest income are affected by the general level of U.S. and foreign interest rates. Increases in interest expense resulting from an increase in interest rates could impact the Company's results of operations. The Company policy is to take actions that would mitigate such risk when appropriate.

The Company's long-term debt of \$15.9 million at February 3, 2002 consists of borrowings at fixed interest rates, and the Company's interest expense related to these borrowings is not exposed to changes in interest rates in the near term. In March 2000, the Company entered into a series of interest swap agreements, which effectively converted the interest payable under its 7.92% Senior Notes (\$40.0 million of which was outstanding at that time), through maturity, from fixed to floating rate. Therefore, interest expense on the debt was affected by the general level of interest rates. However, in December 2000, the Company terminated the swap agreements. The fair value of the agreements at termination of \$0.5 million was paid to the Company and was reducing interest expense over the remaining term the notes were outstanding. The Senior Notes were prepaid in full on March 5, 2002.

Equity Price Risk

The Company holds short-term investments in mutual funds for the Company's deferred compensation plan. At February 3, 2002, the total market value of these investments is \$3.8 million, all of which are being held for the benefit of participants in a non-qualified deferred compensation plan with no risk to the Company.

Foreign Exchange Market Risk

The Company has a number of overseas subsidiaries and is, therefore, subject to exposure from the risk of currency fluctuations as the value of foreign currencies fluctuate against the dollar, which may impact reported earnings. The Company attempts to reduce these risks by utilizing foreign currency option contracts to hedge the adverse impact on foreign currency receivables when the dollar strengthens against the related foreign currency. At February 3, 2002, the Company had no outstanding foreign currency options. The Company does not believe that it is exposed to material foreign exchange market risk.

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PART II - OTHER INFORMATION

ITEM 6 -- EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits:

Exhibit	Description
4.01(a)	Second Amendment dated as of March 5, 2002 to the Credit Agreement dated as of September 11, 2001 among the Company, Gatton Volt Consulting Group Limited, JPMorgan Chase Bank, as administrative agent, and Fleet National Bank, as syndication agent.
4.01(b)	Amended and Restated Joint and Several Guaranty of Payment dated as of March 5, 2002 by Volt Management Corp., Volt Delta Resources, Inc. (Nevada), Volt Directories, S.A., Ltd., Volt Telecommunications Group, Inc., Datanational of Georgia, Inc., Volt Information Sciences Funding, Inc., Datanational, Inc. (Delaware), Volt Technical Resources, LLC and Volt Delta Resources, Inc. (Delaware), wholly-owned subsidiaries of the Company, and JPMorgan Chase Bank, as administrative agent and Fleet National Bank, as syndication agent.
4.01(c)	Security Agreement dated as of March 5, 2002 by and among Volt Telecommunications Group, Inc., Volt Delta Resources, Inc. (Nevada), Volt Delta Resources, Inc. (Delaware), Datanational, Inc. and Datanational of Georgia, Inc., wholly-owned subsidiaries of the Company, and JPMorgan Chase Bank, as collateral agent.
15.01	Letter from Ernst & Young LLP
15.02	Letter from Ernst & Young LLP regarding interim financial information
(b)	Reports on Form 8-K:

No Reports on Form 8-K were filed during the quarter ended February 3, 2002. However, on February 5, 2002 the Company filed a Current Report on Form 8-K reporting under Items 5, 7 and 9. No financial statements were filed with that report.

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SIGNATURE

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

VOLT INFORMATION SCIENCES, INC.
(Registrant)

BY: /s/ JACK EGAN

Date: March 18, 2002
 JACK EGAN
 Vice President - Corporate Accounting
 (Principal Accounting Officer)

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EXHIBIT INDEX

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4.01(b)	Amended and Restated Joint and Several Guaranty of Payment dated as of March 5, 2002 by Volt Management Corp., Volt Delta

Resources, Inc. (Nevada), Volt Directories, S.A., Ltd., Volt Telecommunications Group, Inc., Datanational of Georgia, Inc., Volt Information Sciences Funding, Inc., Datanational, Inc. (Delaware), Volt Technical Resources, LLC and Volt Delta Resources, Inc. (Delaware), wholly-owned subsidiaries of the Company, and JPMorgan Chase Bank, as administrative agent and Fleet National Bank, as syndication agent.

- 4.01(c) Security Agreement dated as of March 5, 2002 by and among Volt Telecommunications Group, Inc., Volt Delta Resources, Inc. (Nevada), Volt Delta Resources, Inc. (Delaware), Datanational, Inc. and Datanational of Georgia, Inc., wholly-owned subsidiaries of the Company, and JPMorgan Chase Bank, as collateral agent.
- 15.01 Letter from Ernst & Young LLP
- 15.02 Letter from Ernst & Young LLP regarding interim financial information

SECOND AMENDMENT

SECOND AMENDMENT dated as of March 5, 2002 (this "Amendment") to the Credit Agreement dated as of September 11, 2001, which was amended by a First Amendment dated as of February 1, 2002 (the "Credit Agreement") among Volt Information Sciences, Inc., Gattton Volt Consulting Group Limited, the Guarantors party thereto, the Lenders party thereto, JPMorgan Chase Bank (formerly known as The Chase Manhattan Bank), as Administrative Agent, and Fleet National Bank, as Syndication Agent. Unless the context requires otherwise, capitalized terms used herein without definition shall have the meanings ascribed to them in the Credit Agreement.

RECITALS

WHEREAS, the First Amendment to Credit Agreement added a new Section 5.11 to the Credit Agreement, which Section requires the grant of certain collateral, the joinder in that certain Joint and Several Guaranty of Payment dated September 11, 2001 (the "Original Guaranty") by certain collateral grantor Subsidiaries and a new amendment to the Credit Agreement to account for such collateral and such new Guarantors; and

WHEREAS, pursuant to said Section 5.11, the collateral grantors required thereunder are entering into a Security Agreement (the "Security Agreement") of even date herewith in favor of JPMorgan Chase Bank, as "Collateral Agent", and the original Guarantors under the Original Guaranty, together with the new "Guarantors" required under said Section 5.11 (the "New Guarantors"), are making an Amended and Restated Joint and Several Guaranty of Payment of even date herewith (the "Restated Guaranty") which, among other things, amends and restates the Original Guaranty;

NOW, THEREFORE, in consideration of the mutual agreements contained in the Credit Agreement and herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby mutually agree as follows:

I. AMENDMENTS

The Credit Agreement is hereby amended as follows:

1.1. The following definitions are hereby added to Section 1.01 in their respective proper alphabetical order:

"Collateral" means "Collateral" as that term is defined in the Security Agreement.

"Collateral Agent" means "Collateral Agent" as defined in the Security Agreement.

Exhibit 4.01(a)

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"Collateral Documents" means the Security Agreement and any other instruments, documents or agreements pursuant to which any Borrower or Guarantor grants any collateral to the Administrative Agent (as Collateral Agent or otherwise) or any of the Lenders as security for the obligations of the Borrowers or the Guarantors, or both, arising under this Agreement or any other instrument or agreement entered into in connection herewith, and includes any financing statement or amendment thereof.

"Second Amendment to Credit Agreement" means that certain Second Amendment, dated as of March 5, 2002, to the Credit Agreement.

"Security Agreement" has the meaning assigned to such term in a recital to the Second Amendment to Credit Agreement, as the same may be amended, supplemented or otherwise modified in accordance with its terms and in accordance herewith.

"UCC" means the Uniform Commercial Code as the same may, from time to time, be in effect in the State of New York; provided, however, in the event that, by reason of mandatory provisions of law, any or all of the attachment, perfection or priority of the

Collateral Agent's security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of New York, the term "UCC" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

1.2. The following terms in Section 1.01 are redefined, in their entirety, as follows:

"Credit Document" means each of (i) this Agreement, each Note (if any), each application and other agreement in respect of any Letter of Credit, in each case as supplemented, modified, or amended from time to time, (ii) the Guaranty of Payment, (iii) the Collateral Documents, and (iv) each instrument or agreement supplementing (by joinder or otherwise), modifying or amending, or waiving any provision of, any Credit Document.

"Guarantors" means, collectively, Volt Management Corp., a Delaware corporation, Volt Delta Resources, Inc., a Nevada corporation, DataNational, Inc., a Delaware corporation, Volt Information Sciences Funding, Inc., a Delaware corporation, Volt Directories S.A., Ltd., a Delaware corporation (formerly known as Volt-Autologic Directories S.A., Ltd.), Volt Technical Resources, LLC, a Delaware limited liability company (formerly a Delaware corporation known as Volt Human Resources, Inc.), Volt Telecommunications Group, Inc., a Delaware

Exhibit 4.01(a)

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corporation, DataNational of Georgia, Inc., a Georgia corporation, Volt Delta Resources, Inc., a Delaware corporation; and every other domestic Subsidiary required to become a Guarantor under Section 5.10 or Section 2.20.

"Guaranty of Payment" means the Restated Guaranty as that term is defined in a recital to the Second Amendment to Credit Agreement, as the same may be joined in, supplemented, amended or otherwise modified pursuant to Section 2.20 or Section 5.10, or otherwise.

"Permitted Encumbrances" means:

- (a) Liens imposed by law for taxes that are not yet due or are being contested in compliance with Section 5.04;
- (b) carriers', warehousemen's, mechanics', materialmen's, repairmen's and other like Liens imposed by law, arising in the ordinary course of business and securing obligations that are not overdue by more than 30 days or are being contested in compliance with Section 5.04;
- (c) pledges and deposits made in the ordinary course of business in compliance with workers' compensation, unemployment insurance and other social security laws or regulations;
- (d) deposits to secure the performance of bids, trade contracts, leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature, in each case in the ordinary course of business; and
- (e) easements, zoning restrictions, rights-of-way and similar encumbrances on real property imposed by law or arising in the ordinary course of business that do not secure any monetary obligations and do not materially detract from the value of the affected property or interfere with the ordinary conduct of business of the Domestic Borrower or any Subsidiary;

provided that the term "Permitted Encumbrances" shall not include

any Lien securing Indebtedness, unless the encumbrance in question arises under a Collateral Document.

"Prime Rate" means the rate of interest per annum publicly announced from time to time by JPMorgan Chase Bank as its prime rate in effect at its principal office in New York City; each change in the Prime Rate shall be effective from and including the date such change is publicly announced as being effective.

Exhibit 4.01(a)

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"Transactions" means the execution, delivery and performance by the Borrowers and the Guarantors (as applicable) of this Agreement, each of the other Credit Documents, the borrowing of Loans, the use of the proceeds thereof, the issuance of Letters of Credit hereunder, the guaranteeing of the Indebtedness incurred hereunder, and the granting of the Liens on the Collateral under the Security Agreement.

1.3. A comma followed by the words "in each amendment to this Agreement, and in each other Credit Document" are added after the word "Agreement" and before the words "shall be true and correct" in clause (a) of Section 4.02.

1.4 The phrase "Notwithstanding Section 6.02(g) and 6.03(b)(ii)," which begins both the next to last sentence of Section 5.11 and the last sentence of Section 5.12, is hereby deleted and replaced with: "Notwithstanding Sections 6.02(g), 6.03(a)(iii), 6.03(a)(iv), 6.03(b)(ii), 6.07 or any other provision of this Agreement,".

1.5 The period at the end of Section 6.03(a) is replaced with a semi-colon and the following is added after such semi-colon: "provided, however, that if any assets (constituting Collateral) of any of the collateral grantors under the Security Agreement will be sold, assigned, transferred or otherwise disposed of in any way by virtue of any of the actions otherwise permitted under any of the foregoing clauses (i) through (iv), the parties to such merger or other such action shall notify the Administrative Agent and shall take all steps reasonably required by the Administrative Agent to preserve the Collateral Agent's first priority perfected security interest in all such Collateral, prior to consummation of such action."

1.6 The words "the Security Agreement," are added after "Guaranty of Payment," in both places where the latter appears in clause (c) of Article VII.

1.7 The words "and the Security Agreement" are added after "(including the Guaranty of Payment" and before the closing parenthesis in both places where the latter appears in clause (n) of Article VII.

1.8 A new clause "(p)" is added after clause (o) (with the punctuation adjusted accordingly) in Article VII of the Credit Agreement, as follows:

"(p) (i) an event of default shall occur under paragraph 8 of the Guaranty of Payment, or (ii) a "Grantor" thereunder (A) shall default under any provision of Section 8, 9 or 12 of the Security Agreement, or (B) shall be in default for a period of ten (10) days or more under any provision of any other Section of the Security Agreement other than a default under such another Section as to which clause (c) of this Article VII applies;"

1.9 Clause (iv) of the portion of Article VII following (new) clause (p) is amended to add the following after the words "Guaranty of Payment" and before the semi-colon: "and/or the Collateral Agent's rights under the Security Agreement".

Exhibit 4.01(a)

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1.10 The following sentence is added at the end of paragraph (a) of Article VIII: "The duties of the Administrative Agent shall include serving as the Collateral Agent."

1.11 The reference to "The Chase Manhattan Bank" in the addresses set forth in Section 9.01 are changed to "JPMorgan Chase Bank".

1.12 The word "and" is replaced with a comma immediately before clause (iii) in Section 9.03(a), and the following is added at the end of the said clause (iii) and before the period: ", and (iv) all costs, expenses, taxes, assessments and other charges incurred in connection with any filing, registration, recording or perfection of any security interest contemplated by any Collateral Document or any other document referred to therein".

II. MISCELLANEOUS

2.1. The New Guarantors hereby join in the Credit Agreement as amended by this Amendment, as signatory parties thereto.

2.2 The Domestic Borrower hereby represents and warrants that the Senior Notes Payoff has been completed.

2.3 Each Borrower and each Guarantor (subject, mutatis mutandis, to Section 9.17 of the Credit Agreement) hereby represents and warrants that:

(a) the execution, delivery and performance of each Borrower and Guarantor (as applicable) of this Amendment, the Restated Guaranty, the Security Agreement and any other agreement, instrument or document executed and delivered in connection with this Amendment: (i) is within its corporate or limited liability company powers (as applicable), (ii) has been duly authorized by all necessary corporate or limited liability company action (as applicable), (iii) does not contravene any law, rule or regulation applicable to it and (iv) does not violate or create a breach or default under its organizational documents or any contractual provision binding on it or affecting it or any of its property;

(b) the Restated Guaranty, the Security Agreement, this Amendment (and the Credit Agreement as amended hereby) constitute its legal, valid and binding obligation enforceable against it (where such Borrower or Guarantor is a party thereto) in accordance with its terms, except as enforcement thereof may be subject to (i) the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally, and (ii) general principles of equity (regardless of whether such enforcement is sought in a proceeding in equity or at law);

(c) after giving effect to this Amendment, the Restated Guaranty, the Security Agreement and to the transactions contemplated hereby and thereby: (i) there is no Default; and (ii) all obligations of the Borrowers and the Guarantors under or in connection with the Credit Agreement, as amended hereby and the other Credit

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Documents, are payable in accordance with the terms of the Credit Agreement as amended hereby, without any defense, setoff or counterclaim of any kind; and

(d) the representations and warranties of each Borrower and each Guarantor appearing in the Credit Documents were (and are, in the case of the Restated Guaranty and the Security Agreement) true and correct in all material respects as of respective the dates when made and, after giving effect to this Amendment, the Restated Guaranty and the Security Agreement, and the transactions contemplated hereby and thereby, continue to be true and correct in all material respects on the date hereof, except: (i) as to any such representation or warranty which by its terms applies only as to a specified (earlier) date; and (ii) in the case of any other representation or warranty, to the extent of changes resulting from transactions or events not prohibited by the Credit Documents.

2.4. The Domestic Borrower agrees to pay on demand all reasonable costs and expenses of the Administrative Agent incurred by it in connection with or arising out of the negotiation, preparation, review, execution and delivery of this Amendment, the Restated Guaranty and the Security Agreement and the agreements and instruments referred to herein and therein and the transactions contemplated hereby and thereby (including search fees and the reasonable fees and expenses of counsel to the Administrative Agent).

2.5. On or before March 15, 2002, Gatton shall provide the

Administrative Agent with a certificate of resolution, incumbency and corporate documents, with respect to the First Amendment to Credit Agreement and this Amendment, together with such other documents and certificates as the Administrative Agent may reasonably request, all in form and substance satisfactory to the Administrative Agent. If the Proposed Securitization has not closed prior to April 15, 2002, the Domestic Borrower shall cause its outside counsel to provide the Administrative Agent with an opinion letter, reasonably satisfactory to counsel to the Administrative Agent, with respect to the First Amendment to Credit Agreement, this Amendment, the Restated Guaranty and the Security Agreement. At any time and from time to time, upon the written request of the Administrative Agent and at the sole cost and expense of the Domestic Borrower, the Borrowers and the Guarantors will promptly execute, acknowledge and/or deliver all such further instruments and agreements and take such further actions as may be reasonably necessary or appropriate to more fully implement the purposes of this Amendment, the Credit Agreement as amended hereby, and the other Credit Documents. Failure to comply with any of the foregoing provisions of this Section 2.5 within fifteen (15) days after either the stated due date thereof (where applicable) or notice thereof from the Administrative Agent (where there is no stated due date above), shall constitute an additional Event of Default.

2.6. The Credit Agreement, as amended hereby, and the other Credit Documents are hereby ratified and confirmed and shall continue in full force and effect. All references in any Credit Document to the Credit Agreement shall be deemed to be references to the Credit Agreement as amended by this Amendment, and as the same may be further amended, supplemented or otherwise modified from time to time.

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2.7. This Amendment sets forth the entire agreement of the parties with respect to the subject matter hereof.

2.8. Neither this Amendment nor any provision hereof may be waived, amended or modified except pursuant to an agreement complying with Section 9.02(b) of the Credit Agreement.

2.9. This Amendment shall be construed in accordance with and governed by the laws of the State of New York without regard to conflicts of laws principles of New York State law other than ss. 5-1401 of the New York General Obligations Law.

2.10. This Amendment may be executed in any number of counterparts, each of which shall be deemed an original, and all of which taken together shall constitute but one agreement. Delivery of an executed signature page of this Amendment by telecopy shall be as effective as delivery of a manually executed counterpart of this Amendment.

2.11. This Amendment shall become effective as of the date first above written, provided that each of the following conditions shall have been satisfied on or before March 8, 2002:

(a) the Administrative Agent shall have received counterparts of (i) this Amendment executed and delivered by each of the Borrowers, the Guarantors, the Required Lenders and the Administrative Agent, (ii) the Restated Guaranty executed and delivered by all of the Guarantors (including the New Guarantors), and (iii) the Security Agreement, executed and delivered by the Administrative Agent and the collateral grantors required under Section 5.11;

(b) all legal matters incident to this Amendment, the other instruments and agreements relating hereto and the transactions contemplated hereby shall be satisfactory to the Administrative Agent (who shall be entitled to rely on the advice of its counsel in connection therewith);

(c) the Administrative Agent shall have received certificates of resolution, incumbency and corporate documents, with respect to the Restated Guaranty, the Security Agreement, the First Amendment to Credit Agreement and this Amendment from the Domestic Borrower and all Guarantors (as applicable), together with such other documents and certificates as it may reasonably request, all in form and substance satisfactory to the Administrative Agent in its reasonable discretion; and

(d) counsel to the Administrative Agent shall have been paid its accrued and unpaid (through February 28, 2002) legal fees and disbursements with respect to the facility established under the Credit Agreement.

The Administrative Agent shall notify the Borrowers, the Guarantors and the Lenders if and when all of the foregoing conditions shall have been satisfied, and such notice shall be conclusive and binding.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed by their respective authorized officers as of the day and year first above written.

<TABLE>

<p><S> VOLT INFORMATION SCIENCES, INC. (a New York corporation)</p>	<p><C> JPMORGAN CHASE BANK (f/k/a The Chase Manhattan Bank), as a Lender and as Administrative Agent</p>
---	--

By: _____	By: _____
Name:	Name:
Title:	Title:

GATTON VOLT CONSULTING GROUP LIMITED (a United Kingdom corporation)	VOLT MANAGEMENT CORP. (a Delaware corporation)
---	---

By: _____	By: _____
Name:	Name:
Title:	Title:

FLEET NATIONAL BANK, as a Lender	VOLT DELTA RESOURCES, INC. (a Nevada corporation)
-------------------------------------	--

By: _____	By: _____
Name:	Name:
Title:	Title:

BANK OF AMERICA, N.A., as a Lender	DATANATIONAL, INC. (a Delaware corporation)
---------------------------------------	--

By: _____	By: _____
Name:	Name:
Title:	Title:

MELLON BANK, N.A., as a Lender	VOLT DIRECTORIES S.A., LTD. (a Delaware corporation f/k/a Volt-Autologic Directories S.A., Ltd.)
-----------------------------------	--

By: _____	By: _____
Name:	Name:
Title:	Title:

WELLS FARGO BANK, N.A., as a Lender	VOLT TECHNICAL RESOURCES, LLC. (a Delaware limited liability company, formerly a Delaware corporation known as Volt Human Resources, Inc.)
--	---

By: _____	By: _____
-----------	-----------

Name:
Title:
</TABLE>

Name:
Title:

Exhibit 4.01(a)

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<TABLE>

<S>
LLOYD BANK TSB PLC,
as a Lender

<C>
VOLT INFORMATION SCIENCES
FUNDING, INC. (a Delaware corporation)

By:

By:

Name:
Title:

Name:
Title:

By:

VOLT TELECOMMUNICATIONS
GROUP, INC., a Delaware corporation

Name:
Title:

By:

Name:
Title:

VOLT DELTA RESOURCES, INC., a
Delaware corporation

By:

Name:
Title:

DATANATIONAL OF GEORGIA, INC., a
Georgia corporation

By:

Name:
Title:

</TABLE>

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AMENDED AND RESTATED
JOINT AND SEVERAL GUARANTY OF PAYMENT

New York, New York
As of March 5, 2002

WHEREAS, Volt Information Sciences, Inc., a New York corporation (the "Domestic Borrower") and its wholly-owned subsidiary, Gatton Volt Consulting Group Limited, a corporation organized under the laws of the United Kingdom ("Gatton"), are parties to a certain Credit Agreement, dated as of September 11, 2001 (as originally entered into, the "Original Credit Agreement"), together with Volt Management Corp., a Delaware corporation, Volt Information Sciences Funding, Inc., a Delaware corporation, Volt Delta Resources, Inc., a Nevada corporation ("Delta/Nevada"), DataNational, Inc., a Delaware corporation ("Data/Delaware"), Volt-Autologic Directories S.A., Ltd., a Delaware corporation now known as Volt Directories S.A., Ltd., and Volt Human Resources, Inc., a Delaware corporation now a Delaware limited liability company known as Volt Technical Resources, LLC (collectively, the "Original Guarantors"), as guarantors, the Lenders (as such term is defined in the Original Credit Agreement) party thereto, The Chase Manhattan Bank (now known as JPMorgan Chase Bank) ("Chase"), as Administrative Agent (as such term is defined in the Original Credit Agreement), and Fleet National Bank ("Fleet"), as Syndication Agent (as such term is defined in the Original Credit Agreement), which Original Credit Agreement provided for the making of Loans (as such term is defined therein) from time to time to the Domestic Borrower or Gatton or to other future Subsidiary Borrowers (as such term is defined therein), in the original aggregate principal amount of up to \$127,500,000, and for the Issuing Bank to issue Letters of Credit (as such terms are defined therein) from time to time on behalf of the Domestic Borrower; and

WHEREAS, in connection with the execution and delivery of the Original Credit Agreement and as a condition to the effectiveness thereof, and in order to induce the Lenders to make such Loans, the Issuing Bank to issue such Letters of Credit, and the Administrative Agent and Syndication Agent to act in such respective capacities, the Original Guarantors, acknowledging that they anticipated receiving direct and substantial benefit from the credit to be provided to the Domestic Borrower, Gatton and/or any other Subsidiary Borrower under the Original Credit Agreement, executed and delivered a certain Joint and Several Guaranty of Payment, dated September 11, 2001 (the "Original Guaranty"), in favor of the Lenders, the Issuing Bank, the Administrative Agent and Syndication Agent; and

WHEREAS, the Domestic Borrower, Gatton, the Original Guarantors, the Lenders party thereto, the Administrative Agent and the Syndication Agent thereafter entered into a certain First Amendment dated as of February 1, 2002 (the "First Amendment") to the Original Credit Agreement pursuant to which, among other things, certain designated subsidiaries of the Domestic Borrower, namely, Volt Telecommunications Group, Inc., a Delaware corporation, Volt Delta Resources, Inc., a Delaware corporation and DataNational of Georgia, Inc., a Georgia corporation (collectively, the "New Guarantors"), are required to join in the Original Guaranty and, along with Delta/Nevada and Data/Delaware, enter into the Security Agreement (as defined in Exhibit A hereto) in favor of the Collateral Agent (as defined in the Security Agreement) for

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the benefit of the Lenders, the Issuing Bank, the Administrative Agent and the Syndication Agent (as those terms are defined in the Credit Agreement, as defined in Exhibit A hereto); and

WHEREAS, in connection with such joinder by the New Guarantors and the making of the Security Agreement, the Administrative Agent (on behalf of the Required Lenders, as such term is defined in the Credit Agreement) in accordance with Section 5.11 of the Credit Agreement) has requested that joinder of the New Guarantors be effected as part of an amendment and restatement of the Original Guaranty in its entirety, and the Original Guarantors and New Guarantors are willing to do so, and do further acknowledge that they anticipate that they will receive direct and substantial benefit from the credit to be provided or continued to the Domestic Borrower, Gatton and/or any other Subsidiary Borrower under the Credit Agreement;

NOW, THEREFORE, in consideration of the premises and other good and

valuable consideration, the receipt and legal sufficiency of which are hereby acknowledged, and in order to induce the Lenders to make and continue the Loans under the Credit Agreement, to induce the Issuing Bank to issue Letters of Credit under the Credit Agreement, and to induce Chase to continue to act as Administrative Agent under the Credit Agreement and Fleet to continue to serve as Syndication Agent under the Credit Agreement, the undersigned hereby acknowledges, agrees and confirms that all of the above recitals are true, correct and complete and hereby covenants and agrees with the Administrative Agent, the Lenders, the Issuing Bank and the Syndication Agent, and each of their respective successors, endorsees and assigns as follows:

1. The undersigned guarantees, absolutely, irrevocably and unconditionally, to each Lender, the Issuing Bank, the Administrative Agent and the Syndication Agent (collectively, the "Lender Group") the payment of the Debt (defined below) notwithstanding that Loans have been, or may be, made or Letters of Credit issued in the face of a default under the Credit Documents, or otherwise not in compliance with the lending criteria set forth in the Credit Agreement. The term "Debt" as used in this Guaranty shall mean all liabilities of any of the Borrowers (as such term is defined in the Credit Agreement) to any of the Lenders, the Issuing Bank, the Administrative Agent and/or the Syndication Agent, with respect to any Loan or any Letter of Credit or arising under the Credit Agreement, or any other Credit Document, of whatever nature, whether now existing or hereafter incurred, whether created directly or acquired by assignment or otherwise, whether matured or unmatured and whether absolute or contingent, including, without limitation, all principal, interest, additional interest (including specifically all interest accruing from and after the commencement of any case, proceeding or action under any existing or future laws relating to bankruptcy, insolvency or similar matters with respect to any of the Borrowers) and other sums of any nature whatsoever which may or shall become due and payable pursuant to the provisions of the Credit Agreement or any of the other Credit Documents (all of the above unaffected by modification thereof in any bankruptcy or insolvency proceeding), even though one or more Lenders or the Administrative Agent may not have an allowed claim for the same against one or more of the Borrowers as a result of any bankruptcy or insolvency proceeding. The provisions of section 9.09(e) of the Credit Agreement shall apply, mutatis mutandis, to the liabilities of the undersigned under this Guaranty.

2. The undersigned agrees that the undersigned shall indemnify and hold the Lender Group harmless and defend each member of the Lender Group at the undersigned's sole cost and

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expense against any loss or liability, cost or expense (including, but not limited to, reasonable attorneys' fees and disbursements of each such member's counsel, whether in-house staff, retained firms or otherwise), and all claims, actions, procedures and suits arising out of or in connection with:

(a) any ongoing matters (other than ordinary loan administration) arising out of the transaction contemplated by this Guaranty or the Security Agreement;

(b) any amendment to, or restructuring of, this Guaranty or the Security Agreement; and

(c) any and all lawful action that may be taken by the Administrative Agent, the Collateral Agent or the Required Lenders in connection with the enforcement of the provisions of this Guaranty or action taken in connection therewith under the Security Agreement, whether or not suit is filed in connection with the same, or in connection with any of the undersigned or any of the Borrowers and/or any partner, joint venturer or shareholder or member of any thereof becoming a party to a voluntary or involuntary federal or state bankruptcy, insolvency or similar proceeding.

All sums expended by the Administrative Agent, the Collateral Agent, the Issuing Bank or any Lender shall be payable to the Administrative Agent (on behalf of such Person(s)) on demand and, until reimbursed by one of the Borrowers or by the undersigned pursuant hereto, shall bear interest at the rate applicable to ABR Loans under the Credit Agreement plus 2%.

3. Intentionally omitted.

4. If an Event of Default (as such term is defined in the Credit Agreement) shall have occurred and be continuing, each Lender, the Issuing Bank, and each of its respective Affiliates (as such term is defined in the Credit Agreement) is hereby authorized at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender, the Issuing Bank, or Affiliate to or for the credit or the account of any of the undersigned against any of and all the obligations of such undersigned now or hereafter existing under this Guaranty held by such Lender, or by the Issuing Bank, irrespective of whether or not such Lender or the Issuing Bank shall have made any demand under this Guaranty and although such obligations may be unmatured. The rights of each Lender and of the Issuing Bank under this paragraph are in addition to other rights and remedies (including other rights of setoff) which such Lender or the Issuing Bank may have, but such rights and remedies are subject to Section 2.18 of the Credit Agreement.

5. Subject to any applicable provisions of the Credit Agreement, all moneys available to each Lender, the Issuing Bank or the Administrative Agent for application in payment or reduction of the Debt may be applied by each Lender, the Issuing Bank or the Administrative Agent

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in such manner and in such amounts and at such time or times and in such order, priority and proportions as such Lender, the Issuing Bank or the Administrative Agent may see fit to the payment or reduction of such portion of the Debt any such Lender, the Issuing Bank or the Administrative Agent may elect.

6. The undersigned hereby expressly agrees that this Guaranty is independent of, and in addition to, any collateral now or hereafter granted, pledged or assigned under any of the Credit Documents, and the undersigned hereby consents that from time to time, before or after any default by any of the Borrowers, with or without further notice to or assent from any of the undersigned:

(a) any security at any time held by or available to the Collateral Agent, any Lender, the Issuing Bank or the Administrative Agent for any obligation of any of the Borrowers, or any security at any time held by or available to the Collateral Agent, any Lender, the Issuing Bank or the Administrative Agent for any obligation of any other person or entity primarily, secondarily or otherwise liable for all or any portion of the Debt, any other obligations of the undersigned under this Guaranty, including any fees, contracted with or acquired by the Collateral Agent, any Lender, the Issuing Bank or the Administrative Agent, whether joint, several, absolute, contingent, secured, matured or unmatured (the "Liabilities") and/or any other obligations of any of the Borrowers or any other person or entity, other than the Collateral Agent, any Lender, the Issuing Bank or the Administrative Agent, under any of the Credit Documents ("Other Obligations"), including any guarantor of the Debt and/or any of such Other Obligations, may be accelerated, settled, exchanged, surrendered or released, and the Collateral Agent, any Lender, the Issuing Bank or the Administrative Agent may fail to set off and may release, in whole or in part, any balance of any deposit account or credit on its books in favor of any of the Borrowers, or of any such other person or entity;

(b) any obligation of any of the Borrowers, or of any such other person or entity, may be changed, altered, renewed, extended, continued, accelerated, surrendered, compromised, settled, waived or released in whole or in part, or any default with respect thereto waived; and

(c) the Collateral Agent, any Lender, the Issuing Bank or the Administrative Agent may extend further credit in any manner whatsoever to any of the Borrowers, and generally deal with each of the Borrowers or any of the abovementioned security, deposit account, credit on its books or other person or entity as the Collateral Agent, any such Lender, the Issuing Bank or the Administrative Agent may see fit;

and the undersigned shall remain bound in all respects under this Guaranty, without any loss of any rights by the Collateral Agent, any Lender, the Issuing Bank or the Administrative Agent and without affecting the liability of the undersigned, notwithstanding any such exchange, surrender, release, change,

alteration, renewal, extension, continuance, compromise, waiver, inaction, extension of further credit or other dealing. In addition, unless any of the other Credit Documents shall otherwise require, all moneys available to the Collateral Agent, any Lender, the Issuing Bank or the Administrative Agent for application in payment or reduction of the Debt and/or any Other Obligations may be applied by each of them in such manner and in such amounts and at such time or times and in such order, priority and proportions as the Collateral Agent, any such Lender, the Issuing Bank or the Administrative Agent may see fit. Nothing in

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this paragraph 6 is intended to vitiate any of the rights or obligations of the members of the Lender Group to each other under the Credit Agreement or the Security Agreement with respect to any of the matters referred to in this paragraph. Nothing in this paragraph 6 is intended to vitiate any rights or obligations of any of the undersigned under the Credit Agreement or the Security Agreement.

7. The undersigned hereby waives:

(a) notice of acceptance of this Guaranty and of the making of any Loan or the issuance of any Letter of Credit;

(b) presentment and demand for payment of the Debt or any portion thereof;

(c) protest and notice of dishonor or default to any or all of the undersigned or to any other person or entity with respect to the Debt or any portion thereof;

(d) all other notices to which any or all of the undersigned might otherwise be entitled in order to make any provision of this Guaranty enforceable against the undersigned; and

(e) any demand under this Guaranty.

8. If any of the following events should occur:

(a) an Event of Default under the Credit Agreement; or

(b) any or all of the undersigned violates any provision of this Guaranty;

then, subject to the applicable provisions of the Credit Agreement, the Administrative Agent may (and at the request of the Required Lenders, shall) declare the Liabilities to be, and the same shall become, immediately due and payable.

9. This is a guaranty of payment and not of collection and the undersigned further waives any right to require that any action be brought against any of the Borrowers or any other person or entity or to require that resort be had to any security or to any balance of any deposit account or credit on the books of any of the Lenders, the Issuing Bank, or the Administrative Agent in favor of any of the Borrowers or any other person or entity. Any payment on account of or reacknowledgment of the Debt by any of the Borrowers, or any other party liable therefor, shall be deemed to be made on behalf of the undersigned and shall serve to start anew the statutory period of limitations applicable to the Debt.

10. Each reference herein to any of the Lenders, the Issuing Bank, the Administrative Agent, the Collateral Agent or the Syndication Agent shall be deemed to include such entity's respective successors and assigns, in whose favor the provisions of this Guaranty shall also inure. Each reference herein to the undersigned shall be deemed to include the respective successors and assigns of the undersigned, all of whom shall be bound by the provisions of this Guaranty,

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provided, however, that unless the same occurs as part of a transaction permitted under the Credit Agreement, the undersigned shall in no event nor

under any circumstance have the right, without obtaining the prior written consent of the Required Lenders or the Administrative Agent (acting with the consent of the Required Lenders), to assign or transfer any of the undersigned's obligations and liabilities under this Guaranty, in whole or in part, to any other person or entity.

11. The term "undersigned" as used herein shall, if this Guaranty is signed by more than one party, unless otherwise stated herein, mean the "undersigned and each of them" and each undertaking herein contained shall be their joint and several undertaking. The Administrative Agent may proceed against none, one or more of the undersigned at one time or from time to time as it sees fit in its sole and absolute discretion. If any party hereto shall be a partnership or a limited liability company, the agreements and obligations on the part of the undersigned herein contained shall remain in force and application notwithstanding any changes in the members composing the partnership or the members composing such company, and the term "undersigned" shall include any altered or successive partnerships or limited liability companies, but the predecessor entities and their partners or members shall not thereby be released from any obligations or liability hereunder. If any party hereto shall be a corporation or a limited liability company, the agreements and obligations on the part of the undersigned herein contained shall remain in force and application notwithstanding the merger, consolidation, reorganization or absorption thereof, and the term "undersigned" shall include such new entity, but the old entity shall not thereby be released from any obligations or liabilities hereunder.

12. No delay on the part of the Administrative Agent or the Required Lenders in exercising any right or remedy under this Guaranty or failure to exercise the same shall operate as a waiver in whole or in part of any such right or remedy. No notice to or demand on any or all of the undersigned shall be deemed to be a waiver of the obligations of any or all of the undersigned or of the right of the Administrative Agent or the Required Lenders to take further action without notice or demand as provided in this Guaranty. No course of dealing between any of the undersigned and the Administrative Agent, the Collateral Agent, the Issuing Bank or any Lender shall change, modify or discharge, in whole or in part, this Guaranty or any obligations of the undersigned hereunder.

13. This Guaranty may be modified, amended, changed or terminated only by an agreement in writing signed by the Required Lenders or the Administrative Agent (with the consent of the Required Lenders) and the undersigned. No waiver of any term, covenant or provision of this Guaranty shall be effective unless given in writing by the Required Lenders or the Administrative Agent (with the consent of the Required Lenders) and if so given shall only be effective in the specific instance in which given. The execution and delivery hereafter to the Administrative Agent by any or all of the undersigned of a new instrument of guaranty or any reaffirmation of guaranty, of whatever nature, shall not terminate, supersede or cancel this instrument, unless expressly so provided therein, and all rights and remedies of the Administrative Agent, the Issuing Bank, or any Lender hereunder or under any instrument of guaranty hereafter executed and delivered to the Administrative Agent by any or all of the undersigned shall be cumulative and may be exercised singly or concurrently.

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14. The undersigned acknowledges that this Guaranty and the undersigned's obligations under this Guaranty are and shall at all times continue to be absolute, irrevocable and unconditional in all respects, and shall at all times be valid and enforceable irrespective of any other agreements or circumstances of any nature whatsoever which might otherwise constitute a defense to this Guaranty and the obligations of any or all of the undersigned under this Guaranty or the obligations of any other person or entity (including, without limitation, any of the Borrowers) relating to this Guaranty or the obligations of any or all of the undersigned hereunder or otherwise with respect to the Debt including, but not limited to, any action with respect to any collateral now or hereafter pledged under the Security Agreement or any of the other Credit Documents, or the realization upon any other collateral now or hereafter given, pledged or assigned as security for all or any portion of the Debt, or the filing of a petition (or equivalent) under Title 11 of the United States Code or under any other similar law of any other jurisdiction with regard to any of the Borrowers or any or all of the undersigned, or the commencement of an action or proceeding for the benefit of the creditors of any of the Borrowers or any of

the undersigned, or the obtaining by the Administrative Agent, the Collateral Agent, the Issuing Bank or any Lender of title to any collateral now or hereafter given, pledged or assigned, as security for the Debt by reason of the enforcement of the Security Agreement or of any pledge agreement or other security agreement, a transfer of assets in settlement of claims under any of the other Credit Documents, or otherwise. This Guaranty sets forth the entire agreement and understanding of Lender Group and the undersigned with respect to the matters covered by this Guaranty and the undersigned acknowledges that no oral or other agreements, understandings, representations or warranties exist with respect to this Guaranty or with respect to the obligations of the undersigned under this Guaranty, except those specifically set forth in this Guaranty.

15. This Guaranty has been validly authorized, executed and delivered by the undersigned. The undersigned represents and warrants to the Lender Group that it has the corporate power to do so and to perform its obligations under this Guaranty, and that this Guaranty constitutes the legally binding obligation of the undersigned, fully enforceable against the undersigned in accordance with the terms hereof. The undersigned further represents and warrants to the Lender Group that:

(a) neither the execution and delivery of this Guaranty nor the consummation of the transactions contemplated hereby nor compliance with the terms and provisions hereof will violate any applicable provision of law or any applicable regulation or other manifestation of governmental action; and

(b) all necessary approvals, consents, licenses, registrations and validations of any governmental regulatory body, including, without limitation, approvals required to permit the undersigned to execute and carry out the provisions of this Guaranty, for the validity of the obligations of the undersigned hereunder and for the making of any payment or remittance of any funds required to be made by the undersigned under this Guaranty, have been obtained and are in full force and effect.

16. Notwithstanding any payments made by any or all of the undersigned pursuant to the provisions of this Guaranty, the undersigned irrevocably waives all rights to enforce or collect upon any rights which it now has or may acquire against any of the Borrowers either by

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way of subrogation, indemnity, reimbursement or contribution for any amount paid under this Guaranty, or by way of any other obligations whatsoever of any of the Borrowers to any or all of the undersigned, such waiver to be and remain in full force and effect until the indefeasible payment in full of the entire Debt. In addition, unless the entire Debt has been indefeasibly paid in full, none of the undersigned may file, assert or receive payment on any claim, whether now existing or hereafter arising, against any of the Borrowers in the event of the commencement of a case by or against any of the Borrowers under Title 11 of the United States Code or under any other similar law of any other jurisdiction. In the event a petition (or equivalent) is filed under said Title 11 of the United States Code or under any other similar law of any other jurisdiction with regard to any of the Borrowers, or if an action or proceeding is commenced for the benefit of the creditors of any of the Borrowers, this Guaranty shall at all times thereafter remain effective in regard to any payments or other transfers of assets to the Collateral Agent, the Administrative Agent, the Issuing Bank or any of the Lenders received from or on behalf of any of the Borrowers prior to notice of termination of this Guaranty and which are or may be held voidable on the grounds of preference or fraud, whether or not the Debt has been paid in full. The provisions of this paragraph 16 shall survive the term of this Guaranty and the payment in full of the Debt and all other Liabilities and the termination of all Commitments (as such term is defined under the Credit Agreement).

17. Any notice, request or demand given or made under this Guaranty shall be in writing and shall be given and deemed given as provided in the Credit Agreement.

18. This Guaranty is, and shall be deemed to be, a contract entered into under and pursuant to the laws of the State of New York and shall be in all respects governed, construed, applied and enforced in accordance with the laws of the State of New York without regard to conflicts of laws principles of New

York State law other than ss. 5-1401 of the New York General Obligations Law. The undersigned acknowledges and agrees that this Guaranty is, and is intended to be, an instrument for the payment of money only, as such phrase is used in ss. 3213 of the Civil Practice Law and Rules of the State of New York, and the undersigned has been fully advised by its counsel of the Administrative Agent's, the Issuing Bank's and the Lenders' rights and remedies pursuant to said ss. 3213.

19. The undersigned agrees to submit to personal jurisdiction in the State of New York in any action or proceeding arising out of this Guaranty. In furtherance of such agreement, the undersigned hereby agrees and consents that without limiting other methods of obtaining jurisdiction, personal jurisdiction over the undersigned in any such action or proceeding may be obtained within or without the jurisdiction of any court located in New York and that any process or notice of motion or other application to any such court in connection with any such action or proceeding may be served upon the undersigned by registered or certified mail to, or by personal service at, the last known address of the undersigned, whether such address be within or without the jurisdiction of any such court. The undersigned hereby further agrees that the venue of any litigation arising in connection with the Debt or in respect of any of the obligations of the undersigned under this Guaranty, shall, to the extent permitted by New York General Obligations Law ss. 5-1402, be in New York County.

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20. The undersigned absolutely, unconditionally and irrevocably waives any and all right to assert or interpose any defense (other than the final and indefeasible payment of all or any portion of the Debt, which may be raised as a defense to a claim of non-payment to the extent such payment has been made), setoff, counterclaim or crossclaim of any nature whatsoever with respect to this Guaranty or the obligations of the undersigned under this Guaranty, or the obligations of any other person or entity (including, without limitation, any of the Borrowers) relating to this Guaranty, or the obligations of the undersigned hereunder or otherwise with respect to any portion of the Debt in any action or proceeding brought by the Administrative Agent or any of the Lenders to collect the Debt, or any portion thereof, or to enforce the obligations of the undersigned under this Guaranty (provided, however, that the foregoing shall not be deemed a waiver of the right of the undersigned to assert any compulsory counterclaim maintained in a court of the United States, or of the State of New York if such counterclaim is compelled under local law or rule of procedure, nor shall the foregoing be deemed a waiver of the right of the undersigned to assert any claim which would constitute a defense, setoff, counterclaim or crossclaim of any nature whatsoever against the Administrative Agent, the Issuing Bank or any of the Lenders in any separate action or proceeding). The undersigned hereby undertakes and agrees that this Guaranty shall remain in full force and effect for all of the obligations and liabilities of the undersigned hereunder, notwithstanding the maturity of the Loans, whether by acceleration, scheduled maturity or otherwise, the reimbursement of all LC Disbursements (as such term is defined in the Credit Agreement) or the termination of the Commitments.

21. No exculpatory provisions which may be contained in the Credit Agreement or in any other Credit Document shall in any event or under any circumstances be deemed or construed to modify, qualify, or affect in any manner whatsoever the obligations and liabilities of the undersigned under this Guaranty.

22. The obligations and liabilities of the undersigned under this Guaranty are in addition to the obligations and liabilities of the undersigned under any Other Guaranties (as hereinafter defined). The discharge of any or all of the undersigned's obligations and liabilities under any one or more Other Guaranties by the undersigned or by reason of operation of law or otherwise shall in no event or under any circumstance constitute or be deemed to constitute a discharge, in whole or in part, of the undersigned's obligations and liabilities under this Guaranty. Conversely, the discharge of any or all of the undersigned's obligations and liabilities under this Guaranty by the undersigned or by reason of operation of law or otherwise shall in no event or under any circumstance constitute or be deemed to constitute a discharge, in whole or in part, of the undersigned's obligations and liabilities under any Other Guaranties. The term "Other Guaranties" as used herein shall mean any other guaranty of payment, guaranty of performance, indemnification agreement or other guaranty, instrument or agreement (including, without limitation, the Credit Agreement) other than this Guaranty, creating any obligation or undertaking of

any nature whatsoever now or hereafter executed and delivered by any or all of the undersigned to the one or more members of the Lender Group in connection with any of the Loans or any of the Letters of Credit.

23. This Guaranty may be executed in one or more counterparts by some or all of the parties hereto, each of which counterparts shall be an original and all of which together shall

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constitute a single agreement of guaranty. The failure of any party listed below to execute this Guaranty, or any counterpart hereof, or the ineffectiveness for any reason of any such execution, shall not relieve the other signatories from their obligations hereunder nor shall any implication arise from the failure of any of the original guarantors to sign this Guaranty that such non-signing guarantor, or any other guarantor, is released from any of its respective obligations hereunder.

24. The undersigned hereby irrevocably and unconditionally waives, and the Administrative Agent, the Issuing Bank and each Lender by the Administrative Agent's acceptance of this Guaranty irrevocably and unconditionally waives, any and all right to trial by jury in any action, suit or counterclaim arising in connection with, out of or otherwise relating to this Guaranty.

25. In the event that, for any reason whatsoever, any Borrower (as defined in the Credit Agreement) or other person or entity obligated in respect of any of the Debt (including, without limitation, any of the undersigned) is now or hereafter becomes indebted to any or all of the undersigned in any manner (an "Affiliate Obligation"), the undersigned agrees that the amount of such Affiliate Obligation, interest thereon, and all other amounts due with respect thereto, shall, at all times during the existence of a Default (as such term is defined under the Credit Agreement) or an Event of Default, be subordinate as to time of payment and in all other respects to repayment of all the Debt, and that any of the undersigned who is a creditor with respect thereto shall not be entitled to enforce or receive payment thereof until all sums then due and owing to any or all members of the Lender Group in respect of the Debt shall have been indefeasibly paid in full and all of the Commitments shall have been terminated, except that any or all of the undersigned who are creditors as aforesaid may enforce any obligations in respect of any such Affiliate Obligation owing to any or all of them from a Borrower or such other indebted person or entity so long as all proceeds in respect of any recovery from such enforcement shall be held by such undersigned in trust for the benefit of the applicable members of the Lender Group. If any payment, other than pursuant to the immediately preceding sentence, shall have been made to any or all of the undersigned by a Borrower or such indebted person or entity on any such Affiliate Obligation during any time that a Default or an Event of Default exists and there is Debt outstanding or any of the Commitments shall be in effect, such undersigned creditor shall hold in trust all such payments for the benefit of the Lender Group.

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IN WITNESS WHEREOF, the undersigned have duly executed this Guaranty the day and year first above set forth.

VOLT MANAGEMENT CORP., VOLT INFORMATION SCIENCES
a Delaware corporation FUNDING, INC., a Delaware corporation

By: By:

Name: Name:
Title: Title:

VOLT DELTA RESOURCES, INC., DATANATIONAL, INC., a Delaware
a Nevada corporation corporation

By: By:

Name: Name:
Title: Title:

SECURITY AGREEMENT

SECURITY AGREEMENT dated as of March 5, 2002 (this "Agreement") by and among VOLT TELECOMMUNICATIONS GROUP, INC., a Delaware corporation, VOLT DELTA RESOURCES, INC., a Nevada corporation, VOLT DELTA RESOURCES, INC., a Delaware corporation, DATANATIONAL, INC., a Delaware corporation, DATANATIONAL OF GEORGIA, INC., a Georgia corporation, each Person other than the Collateral Agent (defined below) who from time to time becomes a party hereto (collectively, hereinafter, the "Grantors" and individually each a "Grantor"), and JPMORGAN CHASE BANK (formerly known as The Chase Manhattan Bank), a New York banking corporation, as collateral agent for the benefit of the Lenders, the Issuing Bank, the Administrative Agent and the Syndication Agent (in such capacity, together with its successors in such capacity, the "Collateral Agent"). Capitalized terms used above or below in this Agreement, and not otherwise defined herein, are used with the meanings ascribed to them under the Credit Agreement (as defined below).

WITNESSETH:

WHEREAS, the Grantors are parties (as "Guarantors") to a Credit Agreement dated as of September 11, 2001 (as amended by the First Amendment to Credit Agreement and a Second Amendment dated as of the date hereof (the "Second Amendment")), and as joined in by certain of the Grantors pursuant to the Second Amendment, and as the same may from time to time be further amended, extended, supplemented, restated, joined in, or otherwise modified or replaced, the "Credit Agreement") among the Grantors, the other "Guarantors" named therein, Volt Information Sciences, Inc., Gatton Volt Consulting Group Limited, the Administrative Agent, the Syndication Agent and the Lenders; and

WHEREAS, pursuant to the Credit Agreement, each Grantor is required to grant, and each Grantor has agreed to grant, assign and pledge to the Collateral Agent, for the benefit of the Lenders, the Issuing Bank, the Administrative Agent, the Collateral Agent and the Syndication Agent (the "Lender Group"), a continuing first and prior security interest in and to all of the Collateral (as defined below) to secure all of the Obligations (as defined below) of such Grantor.

NOW, THEREFORE, each Grantor, intending to be bound hereby, in consideration of the premises hereof, and having induced (i) the Administrative Agent and the Required Lenders party thereto to enter into the First Amendment to Credit Agreement, and (ii) the Lenders to continue to make Loans and issue Letters of Credit in accordance with the Credit Agreement (among other things, by agreeing to enter into this Agreement), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each Grantor, hereby agrees with the Collateral Agent, for the benefit of the Lender Group, as follows:

1. Grant of Security Interest. Each Grantor, to secure its respective Obligations, hereby assigns, pledges and grants to the Collateral Agent for the benefit of the Lender Group a continuing first and prior security interest in and to all of the Grantor's rights, title and interests in and to all of the following property, rights and interests in property of such Grantor, whether now owned or existing or hereafter acquired or arising and regardless of where located and all

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products, proceeds, supporting obligations, substitutions, accessions and replacements thereof (all of the same, with respect to any Grantor, being herein referred to as the "Collateral"):

With respect to any Grantor, all present and future accounts receivable, including, without limitation, all rights of the Grantor to receive any payment for goods sold or leased or for services rendered, whether or not they have been earned by performance (collectively, the "Accounts"); in each case whether constituting an "account", "payment intangible", other "general intangible", or "instrument" under (and as defined in) the New York Uniform Commercial Code (the "UCC"); all to the extent that the account debtor under any Account is a Person that is or was at the time the Account was created (x) organized or existing under the laws of the United States or any state or territory thereof or (y) doing business in the United States or any of its

territories.

2. Security for Obligations. The foregoing grant of a security interest in and to the Collateral secures the full and prompt payment and performance when due of (a) all obligations and liabilities of the respective Grantor to the Administrative Agent, the Collateral Agent, the Syndication Agent, the Issuing Bank and/or any Lender now or hereafter existing under, arising under or related to this Agreement, including, but not limited to, any amounts advanced or incurred by the Collateral Agent in maintaining or preserving any Collateral or otherwise in connection with this Agreement, and (b) all obligations and liabilities, owing to any member of the Lender Group from or by the respective Grantor, of any kind or nature whatsoever, present or future, however created, incurred, acquired or owing, whether for principal, interest, fees, indemnification, expenses (including, without limitation, any attorneys' fees incurred in connection with administering or enforcing any of the Credit Documents), or otherwise (including, without limitation, any interest on any of the other foregoing items accrued after the commencement of any bankruptcy or similar proceeding by or against any Grantor), whether or not evidenced by any note, guaranty or other instrument; provided that the same arises under or relates to the Credit Agreement, the Guaranty of Payment or any of the other Credit Documents to which such Grantor is a party or by which it is bound (all such obligations and liabilities of each Grantor described above in this paragraph 2 being herein collectively referred to as the "Obligations").

3. Grantors Remains Liable. Anything herein to the contrary notwithstanding, (a) each Grantor shall remain liable under any contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Collateral Agent of any of the rights hereunder shall not release any Grantor from any of its duties or obligations under any contracts and agreements included in the Collateral, and (c) neither the Collateral Agent nor any Lender (nor any other member of the Lender Group) shall have any obligation or liability under any contracts and agreements included in the Collateral by reason of this Agreement, nor shall any of them be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

4. Further Assurances. (a) Each Grantor hereby agrees that from time to time, at the expense of such Grantor, such Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that the Collateral Agent may reasonably request, in

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order to create, evidence, perfect or preserve any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, each Grantor will: (i) at the written request of the Collateral Agent upon the occurrence and continuation of an Event of Default, mark conspicuously each of its documents and other records pertaining to the Collateral, with a legend, in form and substance satisfactory to the Collateral Agent, indicating that such Collateral is subject to the security interest granted hereby; and (ii) at the written request of the Collateral Agent, if any Account shall be evidenced by a promissory note or other instrument, deliver and pledge to the Collateral Agent, such note or instrument duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Collateral Agent.

(b) Each Grantor hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto (including, without limitation, any filings with any office or agency of the United States or any state or territory thereof or in any other appropriate jurisdiction) relative to all or any part of the Collateral without the signature of such Grantor, where permitted by law. Each Grantor hereby agrees that a carbon, photographic, photostatic or other reproduction of this Agreement or of a financing statement is sufficient as a financing statement where permitted by law. Each Grantor hereby agrees to execute any such statement or amendment where, in accordance with applicable law, such signature may be necessary or appropriate in connection with any such filing.

(c) Each Grantor will furnish to the Collateral Agent (i) not later than twelve (12) days after the end of each calendar month, a summary aging report of all Accounts and a specific listing with respect to each Grantor's ten (10) largest account debtors, and (ii) such other reports and schedules, as the Collateral Agent may reasonably request, in connection with any or all of the Collateral, all in detail, form and substance satisfactory to the Collateral Agent. Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall be entitled to obtain any information, however detailed, which it may request with regard to the Collateral, and to take any steps necessary to monitor and verify all agings and other matters with respect thereto. Each Grantor will permit the Collateral Agent, by any of its officers, employees and/or designated agents, at any time or times during such Grantor's usual business hours (upon reasonable prior notice, which will be deemed to be one (1) Business Day if Event of Default has occurred and is continuing), to inspect, investigate and/or conduct audits with respect to the Collateral, at such Grantor's sole expense.

5. Representations and Warranties: General. In addition to the representations and warranties made in the Second Amendment and the Restated Guaranty (as defined in the Second Amendment), each Grantor hereby represents and warrants, as follows:

(a) Such Grantor is duly incorporated or otherwise organized, and existing, under the laws of the state set forth in Schedule A attached hereto. The principal place of business and chief executive office of such Grantor is located at the address identified as such on Schedule A attached hereto and all records concerning the Collateral are located at the addresses specified in said Schedule A. The exact legal name of each Grantor is as set forth on the signature page to this Agreement, unless otherwise noted on said Schedule A.

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(b) Such Grantor has good, indefeasible and merchantable title to the Collateral. Such Grantor owns the Collateral free and clear of any lien, security interest, charge or encumbrance, except for the (i) security interests in favor of the Collateral Agent created by this Agreement, and (ii) other encumbrances permitted under the Credit Agreement. Except (i) as are being terminated on or prior to the date hereof, and (ii) such as may have been filed in favor of the Collateral Agent, no effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording or filing office in the United States.

(c) This Agreement, together with actions heretofore taken and the proper filing of the UCC financing statements pertaining to the Collateral, creates a valid and perfected first priority security interest in all Collateral of such Grantor located in or arising from the United States or any state or territory thereof, securing the payment of the Obligations of such Grantor, and all filings and other actions necessary to create, evidence, perfect and preserve such security interest (save for the timely filing of UCC-1 financing statements and all continuation statements or other statements required by applicable law) have been duly taken.

(d) Except as set forth on Schedule B attached hereto and made a part hereof, during the five (5) years immediately preceding the date of this Agreement, such Grantor has had no other company names or fictitious names or been known under or used any other company or fictitious names.

(e) Neither the execution or delivery of this Agreement, nor the consummation of the granting and perfection of the security interests contemplated hereby, nor the compliance with or performance of the terms and conditions of this Agreement by such Grantor is prevented by, limited by, conflicts with or will result in the breach or violation of or a default under the terms, conditions or provisions of (i) the by-laws or any other organizational document with respect to such Grantor or other agreement among the shareholders of such Grantor, (ii) any mortgage, security agreement, indenture, evidence of indebtedness, loan or financing agreement, trust agreement, license agreement or any other agreement or instrument to which such Grantor is a party or by which it is bound, or (iii) any provision of law, any order of any court or administrative agency or any rule or regulation applicable to such Grantor.

6. Representations and Warranties: Accounts. As of the time when any

Account of any particular Grantor arises, such Grantor shall be deemed to have represented and warranted with respect to such Account that:

(a) it will not be evidenced by a judgment and will represent a bona fide transaction contemplated in accordance with the terms and provisions contained in any agreements evidencing or relating to such Collateral; and

(b) it will not have been transferred or assigned to any Person (other than the Domestic Borrower or one of its Subsidiaries, in advance of a transfer to a Grantor for pledge hereunder), or pledged to any Person other than the Collateral Agent.

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7. Intentionally omitted.

8. Covenants: General. Without limiting the agreements and covenants contained in the Credit Agreement or in any other Credit Document to which such Grantor is a party, each Grantor hereby covenants and agrees with the Collateral Agent that:

(a) Unless all steps have been taken which will at all times (after the change in question) preserve the Collateral Agent's first priority projected security interest in all Collateral being provided by such Grantor, it shall not (i) change the state in which such Grantor is incorporated or organized, or (ii) change such Grantor's name (Schedule A hereto shall be deemed to have been amended automatically upon a change effected in compliance with the foregoing sentence.)

(b) It shall preserve and maintain the security interest created by this Agreement and will protect and defend its title to the Collateral so that the security interest so granted shall be and remain a continuing first and prior perfected security interest in the Collateral. Such Grantor will not create, assume or suffer to exist any security interest or other lien or encumbrance in the Collateral, except for the security interest created by this Agreement or as otherwise permitted under the Credit Agreement.

(c) Such Grantor shall maintain books and records pertaining to the Collateral in accordance with GAAP and in such detail, form and scope as the Collateral Agent may reasonably require.

(d) Such Grantor shall execute such other documents as may be reasonably requested by the Collateral Agent in order to effectuate the security interests granted herein.

9. Covenants Regarding Collateral. Each Grantor shall comply with the following covenants regarding Collateral:

(a) Such Grantor shall keep its principal place of business and chief executive office and the office where it keeps its records concerning the Collateral, and the offices where it keeps all originals of all documents evidencing or relating to any or all Collateral, at the location therefor specified in Section 5(a) hereof or, upon the Collateral Agent's actual receipt of at least thirty (30) days' prior written notice to the Collateral Agent, at other locations in the United States, which notice (once received) will be deemed to automatically update Schedule A hereto, and Section 5(a) hereof.

(b) Except as otherwise provided in this Section 9(b), such Grantor shall continue to collect, at its own expense, all amounts due or to become due to such Grantor under its Accounts. In connection with such collections, such Grantor may take (and, at the Collateral Agent's direction, shall take) such action as such Grantor or the Collateral Agent may deem necessary or advisable to enforce collection of the Accounts; provided, however, that upon the occurrence and at any time thereafter during the continuation of an Event of Default, the Collateral Agent shall have the right to enforce such Grantor's rights against any account debtors or other obligors relating to the Collateral including, but not limited to, the right to notify the

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account debtors or obligors under any Collateral of the security interest in the

Collateral granted to the Collateral Agent and to direct such account debtors or obligors to make payment of all amounts due or to become due to such Grantor thereunder directly to the Collateral Agent. In such event, upon notice to such Grantor, and at the sole expense of such Grantor, the Collateral Agent may enforce collection of any such Collateral, and adjust, settle or compromise the amount or payment thereof, in the same manner and to the same extent as such Grantor might have done. After receipt by such Grantor of the notice from the Collateral Agent referred to in the preceding sentence: (i) all amounts and proceeds (including instruments) received by such Grantor in respect of any Collateral shall be received in trust for the benefit of the Collateral Agent, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Collateral Agent in the same form as so received (with any necessary endorsement); and (ii) such Grantor shall not adjust, settle or compromise the amount or payment of any Account, or release wholly or partly any account debtor or obligor thereof, or allow any credit or discount thereon.

10. Intentionally omitted.

11. Intentionally omitted.

12. Transfers and Other Liens. No Grantor may, unless the Collateral Agent shall have provided its prior written consent thereto, which consent shall be given or withheld in the Collateral Agent's sole discretion:

(a) sell, assign (by operation of law or otherwise) or otherwise dispose of any of the Collateral, except as expressly permitted under the Credit Agreement; or

(b) create or suffer to exist any Lien, security interest or other charge or encumbrance upon or with respect to any of the Collateral, other than the security interest in favor of the Collateral Agent pursuant to this Agreement and any other encumbrance permitted under the Credit Agreement.

13. Administrative Agent Appointed Attorney-in-Fact. Upon the occurrence and during the continuation of an Event of Default, each Grantor hereby irrevocably appoints the Collateral Agent (and any officer or agent of the Collateral Agent with full power of substitution and revocation) as such Grantor's attorney-in-fact (coupled with an interest), with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time in the Collateral Agent's discretion, to take any action and to execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, including, without limitation:

(a) to ask, demand, collect, sue for, recover, compound, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above;

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(c) to file any claims or take any action or institute any proceedings which the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral; and

(d) to discharge any lien or encumbrance on or against the Collateral or bond the same.

14. Collateral Agent May Perform Agreements. If any Grantor fails to perform any agreement contained herein, the Collateral Agent may, after five day's notice to such Grantor (unless the Collateral Agent deems it necessary to take more immediate action), itself perform, or cause performance of, such agreements, and the reasonable out-of-pocket expenses of the Collateral Agent incurred in connection therewith shall be payable by such Grantor under Section 18(b) hereof (including, without limitation, the reasonable fees and disbursements of counsel); provided, however, that any such action by the Collateral Agent shall not be deemed to be a waiver of any Event of Default or Default, which may have resulted from such Grantor's failure to perform any such

agreement.

15. Collateral Agent's Duties. The powers conferred on the Collateral Agent hereunder are solely to protect its interest (and the interests of the other members of the Lender Group) in the Collateral (granted by each Grantor) and shall not impose any duty upon the Collateral Agent or other member of the Lender Group to exercise any such powers, or any liability upon the Collateral Agent or any other member of the Lender Group upon the exercise of any such powers. Except for the safe custody of any Collateral in their possession and the accounting for moneys actually received by any of them pursuant to the Collateral Agent's exercise of remedies hereunder, the Collateral Agent and the other members of the Lender Group shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Collateral Agent and the other members of the Lender Group shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in their possession if the Collateral is accorded treatment substantially equal to that which the Collateral Agent or any other such Person respectively accords its own property.

16. Remedies Upon Default. If any Event of Default shall have occurred and be continuing:

(a) The Collateral Agent may exercise in respect of any Collateral (granted by any or all of the Grantors), in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party under the UCC and/or any other applicable law and/or in equity and also may do any or all of the following, whether separately, successively, or simultaneously, all to the extent permitted under the UCC, any other applicable law and/or the Credit Agreement:

(i) In the name of the Collateral Agent, or in the name of any Grantor, or otherwise, enforce each Grantor's rights against any account debtor or other obligor, and may demand, sue for, collect or receive any money or property at any time payable or receivable on

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account of or in exchange for, or make any compromise or settlement deemed desirable with respect to, any of the Collateral, but the Collateral Agent shall be under no obligation so to do, and the Collateral Agent, may extend the time of payment, arrange for payment in installments, or otherwise modify the terms of, or release, any of the Collateral without thereby incurring responsibility to, or discharging or otherwise affecting any liability of, any Grantor.

(ii) Subject to applicable law and the terms of any lease agreement that may apply, enter upon any premises where any Collateral may be, and take possession thereof, and maintain such possession on the applicable Grantor's premises, or demand and receive such possession from any Person who has possession thereof, or remove the Collateral or any part thereof, to such other places as the Collateral Agent may desire, without any obligation to pay such Grantor for any use and occupancy of such premises.

(iii) Require any Grantor to, and each Grantor hereby agrees that it will at its expense and upon request of the Collateral Agent forthwith, assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place to be designated by the Collateral Agent which is reasonably convenient to both parties.

(iv) Without notice except as specified below and with or without taking the possession thereof, sell, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at any location chosen by the Collateral Agent, for cash, on credit or for future delivery, and at such price or prices and upon such other terms as the Collateral Agent may deem commercially reasonable. Each Grantor hereby agrees that, to the extent notice of sale shall be required by law, at least seven (7) Business Days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification, but notice given in any other reasonable manner or at any other reasonable time shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by

announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Each Grantor hereby agrees that the Collateral Agent shall have no obligation to preserve rights in the Collateral against prior parties or to marshal any Collateral for the benefit of any Person.

(v) Whether or not any Obligations shall have matured or shall have been accelerated pursuant to the Credit Agreement or otherwise, the Collateral Agent may in addition to any other rights it may have under this Agreement or otherwise, appoint by instrument in writing a receiver or receiver and manager (both of which are herein called a "Receiver") of all or any part of the Collateral or may institute proceedings in any court of competent jurisdiction for the appointment of such a Receiver. Any such Receiver is hereby given and shall have the same powers and rights as the Collateral Agent has under this Agreement, at law or in equity. In exercising any such powers, any such Receiver shall act as, and for all purposes shall be deemed to be, the agent of the applicable Grantor and neither the Collateral Agent nor any other member of the Lender Group shall be responsible for any act or omission of any such Receiver absent the willful misconduct of the Collateral Agent or the

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Receiver. The Collateral Agent may appoint one or more Receivers hereunder and may remove any such Receiver or Receivers and appoint another or other in his or their stead from time to time. Any Receiver so appointed may be an officer or employee of the Collateral Agent or any Lender. Each Grantor agrees that any Receiver appointed by the Collateral Agent need not be appointed by, nor is his appointment required to be ratified by, nor his actions in any way supervised by, a court.

(vi) Apply, without notice, any cash or cash items constituting Collateral in the possession of the Collateral Agent or any other member of the Lender Group, in a manner consistent with the Credit Agreement, to payment of any of the Obligations. Each Grantor hereby waives, to the extent permitted by applicable law, all rights of such Grantor to prior notice and hearing under any applicable statute or constitution (in the case of such notice only, to the extent that such statute or constitution gives rights as to notice that are greater than are provided for herein or provides for any notice period when none is otherwise provided for herein).

(b) All cash proceeds received by the Collateral Agent under foregoing subsection (a), in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral granted by any or all of the Grantors may, in the discretion of the Collateral Agent, be held by the Collateral Agent as Collateral for, and/or may then or at any time thereafter be applied (after payment of any amounts payable to the Collateral Agent or any other member of the Lender Group pursuant to Section 18 hereof) in whole or in part by the Collateral Agent against all or any part of the Obligations, in such order as the Collateral Agent shall elect consistent with any requirements in the Credit Agreement. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of all the Obligations shall be paid over to the applicable Grantor or Grantors or to whomsoever may be lawfully entitled to receive such surplus.

17. Collateral Agent to Act on Behalf of the Lenders. The Lenders (as well as the Issuing Bank, the Administrative Agent and the Syndication Agent) agree, by their acceptance of the benefits hereof, that this Agreement may be enforced on their behalf only by the actions of the Collateral Agent, acting upon the instructions of the Required Lenders, and that none of the Lenders (nor any other member of the Lender Group) shall have any right to seek to enforce this Agreement or to realize upon the security granted hereby, it being understood and agreed that such rights and remedies may be exercised by the Collateral Agent, for the benefit of the Lender Group, upon the terms of this Agreement.

18. Indemnity and Expenses. (a) Each Grantor agrees to defend, protect, indemnify and hold harmless the Collateral Agent, each Lender, the Issuing Bank, the Administrative Agent and the Syndication Agent and each employee, officer, director, agent, professional person, successor and assignee of each of them and each of their respective Affiliates and subsidiaries (all of the foregoing collectively referred to herein as the "Indemnitees") from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgment, suits, claims, costs, expenses and disbursements of any kind or nature

whatsoever (including, without limitation, the reasonable out-of-pocket fees and disbursements of counsel for the Collateral Agent and the other Indemnites, incurred in connection with any action or proceeding between any Grantor

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and any Indemnitee or between any Indemnitee and any third party or otherwise, with respect to any investigative, administrative or judicial proceeding, whether or not such Indemnitee shall be designated a party thereto), imposed on, incurred by, or asserted against such Indemnitee (whether direct, indirect, economic, special, punitive, treble or consequential and whether based on any federal, state, local or foreign laws or other statutory regulations, including, without limitation, Environmental Laws, securities and commercial laws and regulations, under common law or equitable principles) in any manner relating to or arising out of this Agreement, the Collateral or any of the Obligations of such Grantor, or any act, event or transaction related or attendant thereto or contemplated hereby, or any action or inaction by any Indemnitee hereunder or in connection therewith, including, in each such case, any allegation of any such matters, whether meritorious or not (collectively, the "Indemnified Matters"); provided, however, that no Grantor shall have any obligation to any Indemnitee hereunder with respect to Indemnified Matters resulting from the gross negligence or willful misconduct of such Indemnitee. The covenants of each Grantor contained in this Section 18(a) shall survive the payment in full of all amounts due and payable under this Agreement, the Credit Agreement, the Guaranty of Payment and the other Credit Documents, and the full satisfaction of all other Obligations, and are in addition to, and cumulative with respect to, all other indemnities contained in the Credit Agreement, the Guaranty of Payment or any of the other Credit Documents.

(b) Each Grantor will, upon demand, pay to the Collateral Agent the amount of any and all expenses, including the reasonable out-of-pocket fees and disbursements of the Collateral Agent's and of any experts and agents (including, without limitation, any Affiliates of the Collateral Agent), which the Collateral Agent and each Lender may incur in good faith in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral, including, without limitation, any and all amounts paid by or on behalf of the Collateral Agent in respect of returned and uncollected checks and drafts pursuant to Section 9(b) hereof, (iii) all out-of-pocket costs and expenses in connection with the audits, inspections and investigations conducted by the Collateral Agent pursuant to Section 4(c) hereof, (iv) the exercise or enforcement of any of the rights of the Collateral Agent hereunder, including, without limitation, any and all audits with respect to the Collateral conducted by or on behalf of the Collateral Agent or any Lender pursuant to Section 4(c) hereof, or (v) the failure by such Grantor to perform or observe any of the provisions hereof; provided, however that such Grantor shall not have any obligation to the Collateral Agent to pay such costs or expenses if such costs or expenses were incurred directly due to the Collateral Agent's or any such other Person's gross negligence or willful misconduct.

19. Security Interests Absolute. All rights of the Collateral Agent and the security interests granted hereunder, and all obligations of each Grantor hereunder, shall be absolute and unconditional, irrespective of:

(a) any lack of validity or enforceability of the Credit Agreement, the Guaranty of Payment, any other Credit Document, or any other agreement, document or instrument relating thereto;

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(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations or any other amendment or waiver of, or any consent to any departure from, the Credit Agreement, the Guaranty of Payment or any other Credit Document;

(c) any exchange, release or non-perfection of any portion of the Collateral or any other collateral held by the Collateral Agent or any release or amendment or waiver of, or consent to any departure from, any guaranty for all or any of the Obligations; and

(d) any other circumstance which might otherwise constitute a

defense available to, or a discharge of, such Grantor in respect of the Obligations or otherwise with respect to this Agreement.

20. Survival of Representations and Warranties. Each Grantor hereby covenants, warrants and represents to the Collateral Agent and each other member of the Lender Group that all representations and warranties of such Grantor contained in this Agreement, the Guaranty of Payment, and/or in any other Credit Document are true and correct at the time of such Grantor's execution of this Agreement, shall survive the execution, delivery and acceptance hereof and thereof, as applicable, by the parties hereto and thereto, and shall continue in effect until: (i) Obligations have been indefeasibly paid and satisfied in full and the Commitments have been terminated, or (ii) until the earlier termination of the security interests granted hereby.

21. Waiver by the Collateral Agent. The Collateral Agent's failure, at any time or times, to require strict performance by any Grantor of any provision of this Agreement shall not waive, affect or diminish any right of the Collateral Agent thereafter to demand strict compliance and performance therewith. Any suspension or waiver by the Collateral Agent of an Event of Default or a Default shall not suspend, waive or affect any other Event of Default, a Default, whether the same is prior or subsequent thereto and whether of the same or of a different type. None of the undertakings, agreements, warranties, covenants and representations of any Grantor contained in this Agreement and no Event of Default or Default shall be deemed to have been suspended or waived by the Collateral Agent, unless such suspension or waiver is by an instrument in writing signed by an officer of the Collateral Agent and directed to one or more of the Grantors specifying such suspension or waiver.

22. Severability. Wherever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

23. Provisions Reasonable. Each Grantor hereby expressly acknowledges and agrees that the provisions of this Agreement and, in particular, those respecting remedies and powers of the Collateral Agent against such Grantor, its business and the Collateral upon the occurrence of any Event of Default, are commercially reasonable and not manifestly unreasonable.

24. Intentionally Omitted.

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25. Addresses for Notices. Each notice to, and each demand upon, any Grantor by the Collateral Agent relating to this Agreement and each notice to, and each demand upon, the Collateral Agent by any Grantor relating to this Agreement and any notice to the Collateral Agent of the bankruptcy, insolvency or consummation of any other similar proceeding of any Grantor, shall specifically refer to this Agreement, and shall be in writing (including facsimiles) and shall be given and deemed to have been given in accordance with Section 9.01 of the Credit Agreement.

26. Continuing Security Interest; Assignments. This Agreement shall create a continuing security interest in the Collateral granted by each of the Grantors and shall (i) remain in full force and effect until the Obligations are indefeasibly paid and satisfied in full and the Commitments are terminated, (ii) be binding upon each Grantor, its respective successors and assigns, and all other Persons who become bound as a debtor to this Agreement and (iii) inure, together with the rights and remedies of the Collateral Agent hereunder, to the benefit of the members of the Lender Group and their respective successors, transferees and assigns. Each Grantor's successors and assigns shall include, without limitation, a receiver, trustee or debtor-in-possession thereof or therefor. When the Obligations have been indefeasibly paid and satisfied in full and are no longer outstanding, the security interests granted hereby shall terminate and all rights to the Collateral granted by each of the Grantors shall revert to the Grantors. Upon any such termination, the Collateral Agent will, at the Grantors' expense, execute and deliver to the Grantors such documents as the Grantors shall reasonably request to evidence such termination.

27. Governing Law. This Agreement shall be governed by and construed in

accordance with the substantive, internal laws of the State of New York, without regard to its principles of conflicts of law other than ss.5-1401 of the New York General Obligations Law.

28. CONSENT TO JURISDICTION AND SERVICE OF PROCESS: WAIVER OF JURY TRIAL. THE GRANTORS AND THE COLLATERAL AGENT AGREE THAT SECTIONS 9.09 AND 9.10 OF THE CREDIT AGREEMENT SHALL APPLY, MUTATIS MUTANDIS, WITH RESPECT TO ANY LITIGATION BASED ON OR ARISING UNDER THIS AGREEMENT, AND SUCH SECTIONS ARE INCORPORATED BY REFERENCE HEREIN.

29. Modification of Agreement. This Agreement may not be modified, amended, discharged or waived, in whole or in part, except by a writing signed by each of the parties hereto, and any such amendment, modification, discharge or waiver shall only be effective in the specific instance where it is made. No statement, promise or representation as to the enforceability, validity or intent of the Collateral Agent to enforce this Agreement or any of its terms, has been made by the Collateral Agent or any Person acting or purporting to act on its behalf, and each of the Grantors expressly acknowledges that it has not relied on any such statement, promise or representation in entering into or executing this Agreement. The Collateral Agent shall not be required to enter into or to make or give any consent, amendment, modification, discharge or waiver under this Agreement unless it has received the consent of the Required Lenders, or of all the Lenders where the Collateral Agent has reasonably determined

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that the matter in question would require unanimity under customary practices for syndicated financings of this type.

30. Conflicts. Notwithstanding anything in this Agreement to the contrary, in the event of an actual conflict between this Agreement, on the one hand, and the Credit Agreement or the Guaranty of Payment, on the other, the provisions of the Credit Agreement or the Guaranty of Payment shall govern to the extent of such conflict.

31. Limitation of Liability. No claim may be made by any Grantor or any other Person against any Indemnitee for any special, indirect, consequential, punitive or treble damages in respect of any claim for breach of contract or any other theory of liability arising out of or related to the transactions contemplated by this Agreement, the Guaranty of Payment, the Credit Agreement or any other Credit Documents, or any act, omission or event occurring in connection herewith or therewith; and each Grantor hereby waives, releases and agrees not to sue upon any claim for any and all special, indirect, consequential, punitive or treble damages, whether or not accrued and whether or not known or suspected to exist in its favor.

32. Headings; Construction. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine, and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise: (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time joined in, amended, supplemented or otherwise modified (except where such joinder, amendment, supplement or modification is not permitted hereunder without the Collateral Agent's consent and such consent has not been obtained); (b) any reference herein to any Person shall be construed to include such Person's heirs, administrators, executors, successors and assigns; (c) unless otherwise stated, the words "herein", "hereof" and "hereunder", and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof; and (d) unless otherwise stated, all references herein to Sections, Exhibits and Schedules shall be construed to refer to Sections of, and Exhibits and Schedules to, this Agreement.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective officers there into duly

authorized as of the date first above written.

VOLT TELECOMMUNICATIONS GROUP, INC. VOLT DELTA RESOURCES, INC.,
a Delaware corporation a Nevada corporation

By: _____ By: _____
Name: Name:
Title: Title:

VOLT DELTA RESOURCES, INC., DATANATIONAL, INC.,
a Delaware corporation a Delaware corporation

By: _____ By: _____
Name: Name:
Title: Title:

DATANATIONAL OF GEORGIA, INC.,
a Georgia corporation

By: _____
Name:
Title:

AGREED

JPMORGAN CHASE BANK
(formerly known as The Chase Manhattan Bank),
as Collateral Agent

By: _____
Name:
Title:

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SCHEDULE A

ADDRESSES OF GRANTORS

<TABLE>
<CAPTION>

GRANTOR	CHIEF EXECUTIVE OFFICE	PRINCIPAL PLACE OF BUSINESS	LOCATION OF RECORDS
Volt Delta Resources, Inc., a Nevada corporation	560 Lexington Avenue New York, NY 10022	560 Lexington Avenue 14th Floor New York, NY 10022	560 Lexington Avenue 14th Floor New York, NY 10022
Volt Delta Resources, Inc., a Delaware corporation	560 Lexington Avenue New York, NY 10022	560 Lexington Avenue 14th Floor New York, NY 10022	560 Lexington Avenue 14th Floor New York, NY 10022
Data National, Inc., a Delaware corporation	560 Lexington Avenue New York, NY 10022	3800 Concorde Parkway Suite 500 Chantilly, VA 20151	3800 Concorde Parkway Suite 500 Chantilly, VA 20151

</TABLE>

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<TABLE>
<CAPTION>

GRANTOR	CHIEF EXECUTIVE OFFICE	PRINCIPAL PLACE OF BUSINESS	LOCATION OF RECORDS
<S> DataNational of Georgia, Inc., a Georgia corporation	<C> 560 Lexington Avenue New York, NY 10022 Chantilly, VA 20151	<C> 3800 Concorde Parkway Suite 500 Chantilly, VA 20151	<C> 3800 Concorde Parkway Suite 500
Volt Telecommunications Group, Inc., a Delaware corporation	560 Lexington Avenue New York, NY 10022 Lake Worth, FL 33467 (2) 415 North Smith Avenue Corona, CA 92879	(1) 6801 Lake Worth Road Suite 314 Orange, CA 92865	Volt Accounting Center 2421 North Glassell Street

</TABLE>

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SCHEDULE B

FICTITIOUS NAMES

<TABLE>

<CAPTION>

GRANTOR	NAMES
<S> Volt Delta Resources, Inc., a Nevada corporation	<C> MAINTECH VOLT DELTA RESOURCES (NEVADA)
Volt Delta Resources, Inc., a Delaware corporation	MAINTECH
DataNational, Inc., a Delaware corporation	COMMUNITY PHONE BOOKS
DataNational of Georgia, Inc., a Georgia corporation	COMMUNITY PHONE BOOKS
Volt Telecommunications Group, Inc., a Delaware corporation	VOLTELCON

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March 18, 2002

To the Stockholders
Volt Information Sciences, Inc.

We are aware of the incorporation by reference in Registration Statement No. 333-13369 on Form S-8 dated October 3, 1996 and Registration Statement No. 333-45903 on Form S-8 dated February 9, 1998 of Volt Information Sciences, Inc. of our report dated March 7, 2002, relating to the unaudited condensed consolidated interim financial statements of Volt Information Sciences, Inc. which are included in its Form 10-Q for the quarter ended February 3, 2002.

Pursuant to Rule 436(c) of the Securities Act of 1933 our report is not part of the registration statement prepared or certified by accountants within the meaning of Section 7 or 11 of the Securities Act of 1933.

New York, New York

INDEPENDENT ACCOUNTANTS' REPORT ON REVIEW OF INTERIM
FINANCIAL INFORMATION

To the Stockholders
Volt Information Sciences, Inc.

We have reviewed the accompanying unaudited condensed consolidated balance sheet of Volt Information Sciences, Inc. and subsidiaries as of February 3, 2002, and the related condensed consolidated statements of operations and cash flows for the three month periods ended February 3, 2002 and February 4, 2001. These financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with standards established by the American Institute of Certified Public Accountants. A review of interim financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the United States, which will be performed for the full year with the objective of expressing an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

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

We have previously audited, in accordance with auditing standards generally accepted in the United States, the consolidated balance sheet of Volt Information Sciences, Inc. as of November 4, 2001, and the related consolidated statements of income and cash flows for the year then ended, not presented herein; and in our report dated December 20, 2001, except for Note E as to which the date is February 1, 2002, we expressed an unqualified opinion on these consolidated financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of November 4, 2001, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

March 7, 2002