

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

/ Annual Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934 For the fiscal year ended October 30, 2005
or

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

For the transition period from _____ to _____

Commission file number: 1-9232

VOLT INFORMATION SCIENCES, INC.

(Exact Name of Registrant as Specified in Its Charter)

New York 13-5658129

(State or Other Jurisdiction of (I.R.S. Employer
Incorporation or Organization) 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

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class Name of Each Exchange on Which Registered

Common Stock, \$.10 par value New York Stock Exchange, Inc.

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer,
as defined in Rule 405 of the Securities Act. Yes No X
--- ---

Indicate by check mark if the registrant is not required to file reports
pursuant to Section 13 or Section 15(d) of the Act. Yes No X
--- ---

Indicate by check mark whether the Registrant (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
Registrant was required to file such reports) and (2) has been subject to such
filing requirements for the past 90 days. Yes X No
--- ---

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

Indicate by check mark whether the registrant is an accelerated filer (as
defined in Exchange Act Rule 12b-2). Yes X No
--- ---

Indicate by check mark whether the registrant is a shell company (as
defined in Rule 12b-2 of the Exchange Act). Yes No X
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The aggregate market value of the common stock held by non-affiliates of the Registrant was approximately \$149 million, based on the closing price of \$19.78 per share on the New York Stock Exchange on May 1, 2005 (the last business day of the Registrant's fiscal second quarter). Shares of common stock held beneficially by executive officers and directors and their spouses and the Registrant's Savings Plan, have been excluded, without conceding that all such persons or plans are "affiliates" of the Registrant).

The number of shares of common stock outstanding as of January 6, 2006 was 15,341,505.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for its 2006 Annual Meeting are incorporated by reference into Part III of this Report.

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PART I ITEM 1. BUSINESS

General

Volt Information Sciences, Inc. is a New York corporation, incorporated in

1957. We sometimes refer to Volt Information Sciences, Inc. and its subsidiaries collectively as "Volt" or the "Company," unless the context otherwise requires.

Volt operates in the following two businesses which have four operating segments:

Staffing Services

(1) Staffing Services - This segment provides a broad range of employee staffing services to a wide range of customers throughout the United States, Canada and Europe and has commenced operations in Asia. These services fall within three major functional areas:

- o Staffing Solutions - provides a full spectrum of managed staffing, temporary/alternative personnel employment and direct hire placement.
- o Information Technology Solutions - provides a wide range of services including consulting, outsourcing and turnkey project management in the product development lifecycle, IT and customer contact arenas.
- o E-Procurement Solutions - provides global vendor neutral procurement and human capital management solutions by combining web-based tools and business process outsourcing services.

Telecommunications and Information Solutions

(2) Telephone Directory - This segment publishes independent telephone directories in the United States and publishes telephone directories in Uruguay; provides telephone directory production, commercial printing, database management, sales and marketing services; and licenses directory production and contract management software systems to directory publishers and others.

(3) Telecommunications Services - This segment provides telecommunications services, including design, engineering, construction, installation, maintenance and removals in the outside plant and central offices of telecommunications and cable companies and within their customers' premises, as well as for large commercial and governmental entities requiring telecommunications services; and also provides complete turnkey services for wireless and wireline telecommunications companies.

(4) Computer Systems - This segment provides directory and operator services, both traditional and enhanced, to wireline and wireless telecommunications companies; provides directory assistance content and data services; designs, develops, integrates, markets, sells and maintains computer-based directory assistance systems and other database management and telecommunications systems, primarily for the telecommunications industry; and provides IT services to the Company's other businesses and to third parties.

Information as to Operating Segments

The following tables set forth the contribution of each operating segment to the Company's consolidated sales and operating profit for each of the three fiscal years in the period ended October 30, 2005, and those assets identifiable within each segment at the end of each of those fiscal years. This information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the Consolidated Financial Statements in Items 7 and 8, respectively, of this Report.

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October 30, 2005	October 31, 2004	November 2, 2003
-----	-----	-----

NET SALES				
(In thousands)				
Staffing Services:				
<S>	<C>	<C>	<C>	
Staffing	\$1,759,683	\$1,580,225	\$1,266,875	
Managed Services	1,157,168	1,148,116	1,043,572	
	-----	-----	-----	
Total gross sales	2,916,851	2,728,341	2,310,447	
Less Non-recourse Managed Services--Note 1		(1,121,196)	(1,120,079)	(967,379)
Intersegment sales	6,155	3,839	2,367	
	-----	-----	-----	
	1,801,810	1,612,101	1,345,435	
	-----	-----	-----	
Telephone Directory:				
Sales to unaffiliated customers		82,298	72,194	69,750
Intersegment sales		-	1	43
	-----	-----	-----	
	82,298	72,195	69,793	
	-----	-----	-----	
Telecommunications Services:				
Sales to unaffiliated customers		137,799	134,266	112,201
Intersegment sales		1,212	1,132	638
	-----	-----	-----	
	139,011	135,398	112,839	
	-----	-----	-----	
Computer Systems:				
Sales to unaffiliated customers		161,867	110,055	84,472
Intersegment sales		11,252	9,962	9,167
	-----	-----	-----	
	173,119	120,017	93,639	
	-----	-----	-----	
Elimination of intersegment sales		(18,619)	(14,934)	(12,215)
	-----	-----	-----	
TOTAL NET SALES		\$2,177,619	\$1,924,777	\$1,609,491
	=====	=====	=====	
SEGMENT PROFIT (LOSS)				
Staffing Services		\$31,179	\$36,718	\$21,072
Telephone Directory		14,895	10,115	6,748
Telecommunications Services		(2,429)	(2,838)	(3,986)
Computer Systems		35,801	30,846	14,679
	-----	-----	-----	
Total segment profit		79,446	74,841	38,513
General corporate expenses		(38,839)	(30,812)	(27,668)
	-----	-----	-----	
TOTAL OPERATING PROFIT		40,607	44,029	10,845
Interest and other (expense) income		(2,234)	(3,471)	(1,953)
Gain on sale of real estate		-	3,295	-
Interest expense		(1,825)	(1,817)	(2,070)
Foreign exchange (loss) gain		(255)	97	299
	-----	-----	-----	
Income from continuing operations before income taxes and minority interest		\$36,293	\$42,133	\$7,121
	=====	=====	=====	

</TABLE>

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
OPERATING SEGMENT DATA--Continued

Note 1 Under certain contracts with customers, the Company manages the customers' alternative staffing requirements, including transactions between the customer and other staffing vendors ("associate vendors"). When payments to associate vendors are subject to receipt of the customers' payment to the Company, the arrangements are considered non-recourse against the Company and revenue, other than management fees to the Company, is excluded from the net sales in the above table.

<TABLE>

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	October 30, 2005	October 31, 2004	November 2, 2003	
	-----	-----	-----	
	(In thousands)			
IDENTIFIABLE ASSETS				
<S>	<C>	<C>	<C>	
Staffing Services	\$446,990	\$422,658	\$350,796	
Telephone Directory	55,238	55,740	61,942	
Telecommunications Services	53,173	52,770	49,053	
Computer Systems	103,720	102,487	39,006	
	-----	-----	-----	
	659,121	633,655	500,797	
Cash, investments and other corporate assets		29,591	56,381	39,686
	-----	-----	-----	
Total assets	\$688,712	\$690,036	\$540,483	
	=====	=====	=====	

</TABLE>

Staffing Services Segment

Volt's Staffing Services segment, through two divisions, the Technical Placement division and the Administrative and Industrial division, provides a broad spectrum of staffing services in three major functional areas: Staffing Solutions, Information Technology ("IT") Solutions and E-Procurement Solutions, to a wide range of customers throughout the world. The Technical Placement division provides Staffing Solutions, IT Solutions and E-Procurement Solutions, while the Administrative and Industrial division provides Staffing Solutions.

Staffing Solutions

Volt markets a full spectrum of staffing solutions, such as managed services, alternative staffing services and direct hire services, through its Volt Services Group, Volt Technical Services, Volt Human Resources and Volt Europe divisions.

Volt Services Group/Volt Technical Services/Volt Europe/Volt Human Resources (Staffing Solutions Group)

Staffing solutions provided by this segment are generally identified and marketed throughout the United States as "Volt Services Group," and "Volt Technical Services," throughout Europe as "Volt Europe," throughout Canada as "Volt Human Resources" and throughout Asia as "Volt Asia Enterprises" (the "Staffing Solutions Group"). The Staffing Solutions Group provides a broad range of employee staffing and professional services, from over 300 branches, including dedicated on-site offices located on customer premises. The Staffing Solutions Group is a single-source provider of all levels of staffing, offering to customers an extensive range of alternative employment services. Offerings include managed staffing programs, known as VoltSource, in which the segment is responsible for fulfilling a customer's entire alternative staffing requirements and engages subcontractors to assist in satisfying those requirements; alternative staffing of clerical, administrative, light industrial, technical, professional and information technology personnel; employment, direct hire and professional personnel placement services; referred employee management services; human resources outsourcing; and specifically tailored recruitment services.

The Staffing Solutions Group provides skilled employees, such as computer and other IT specialties, engineering, design, scientific and technical support, in its Technical Placement division. This group also provides lesser skilled employees, such as administrative, clerical, office automation and accounting and financial personnel, call center, light industrial and other personnel, in its Administrative and Industrial division. The Staffing Solutions Group matches available workers to employer assignments and, as a result, competes both to recruit and maintain a database of potential employees and to attract customers to employ contingent workers. Assignments are provided for varying periods of time to companies and other organizations (including government agencies

and non-profit entities) in a broad range of industries that have a need for such personnel, but are unable, or choose not to, engage certain personnel as their own employees. Customers range from those that require one or two temporary employees at a time to national accounts that require as many as several thousand temporary employees at one time.

The Staffing Solutions Group furnishes contingent employees to meet specific customer requirements, such as to complete a specific project (with employees typically being retained until its completion), to enable customers to scale their workforce according to business conditions, meet a particular need that has arisen, substitute for regular employees during vacation or sick leave, staff high turnover positions, fill in during the full-time hiring process or during a hiring freeze, and staff seasonal peaks, conversions, inventory taking and offices that are downsizing. Many large organizations utilize contingent labor as a strategic element of their overall workforce, allowing them to more efficiently meet their fluctuating staffing requirements. In certain instances, the Staffing Solutions Group also provides management personnel to coordinate and manage special projects and to supervise temporary employees.

Many customers use more than one staffing services provider; however, in recent years, the practice of using a limited number of temporary suppliers, a sole temporary supplier or a primary supplier has become increasingly important among the larger companies. The Staffing Solutions Group has been successful in obtaining a number of large national contracts, that typically require on-site Volt representation and fulfilling requirements at multiple customer facilities. In addition to contracting for traditional temporary staffing, many of the Company's larger customers, particularly those with national agreements, have contracted for managed services programs under which the Company, in addition to itself providing staffing services, performs various administrative functions. These include centralized and coordinated order processing and procurement of other qualified staffing providers as subcontractors, commonly referred to as "associate vendors," to provide service in areas where the Company does not maintain an office or cannot recruit sufficient qualified personnel and to supply secondary source back-up recruiting or provide assistance in meeting the customer's stated diversity and/or subcontracting goals. In other managed programs, requisitions are sent simultaneously to a number of approved staffing firms, and Volt must compete for each placement. Other features of managed services programs include customized and consolidated billing to the customer for all of Volt's and associate vendors' services, and detailed management reports on staffing usage and costs. Some managed services programs are tailored to the customer's unique needs for single source consolidated billing, reporting and payment. In most cases, Volt is required to pay the associate vendor only after Volt receives payment from its customer. Volt also acts as an associate vendor to other national providers in their managed services programs to assist them in meeting their obligations to their customers. The bidding process for these managed service and national contracts, in general, is very competitive. Many contracts are for a one to three year time period, at which time they are typically re-bid. Others are for shorter periods or may be for the duration of a particular project or subproject or a particular need that has arisen, which requires additional or substitute personnel. These contracts expire upon completion of the project or when the particular need ends. Many of these contracts typically require considerable start-up costs and usually take from six to twelve months to reach anticipated revenue levels and reaching those levels is dependent on the customer's requirements at that time. The Staffing Solutions Group maintains a group dedicated to the acquisition, implementation and service of national accounts; however, there can be no assurance that Volt will be able to retain accounts that it currently serves, or that Volt can obtain additional national accounts on satisfactory terms.

Branch offices that have developed a specialty in one or more disciplines often use the name "Volt" followed by their specialty disciplines to identify themselves, e.g. "Volt Computer Services", "Volt Engineering and Technical Services" and "Volt Scientific Services". Other branch offices have adopted other names to differentiate themselves from traditional temporary staffing when their focus is more project oriented.

The Staffing Solutions Group maintains centralized databases, containing resumes of candidates from which it fills customer's job requirements. Other candidates are referred by the customer itself for assignment as Volt employees. Volt Europe maintains similar computerized databases containing resumes of candidates from the United Kingdom and continental Europe. Higher skilled individuals employed by the Staffing Solutions Group are frequently willing to relocate to fill assignments while lesser skilled employees are generally recruited and assigned locally. In addition to maintaining its proprietary Internet recruiting sites, the segment has numerous contracts with independent web-based job search companies.

Individuals hired by the Staffing Solutions Group typically become Volt employees or contractors only during the period of their assignment. As employer of record, Volt is responsible for the payment of wages, payroll taxes, workers' compensation and unemployment insurance and other benefits, which may include paid sick days, holidays, vacations and medical insurance. Increases in payroll taxes and costs of workers' compensation and unemployment insurance and other benefits have and could continue to have an adverse effect on the Company's competitiveness and financial performance. Class action lawsuits have been instituted in the United States against some users of temporary services, including some customers of the Company, by certain temporary employees assigned to the customers, and a few have been threatened or commenced against providers of temporary services, including one case instituted against the Company and other temporary agencies. In general, these lawsuits claim that certain temporary employees should be classified as the customers' employees and are entitled to participate in certain of the customers' benefit programs. In the Company's European markets, temporary services are more heavily regulated than in the United States and litigation and governmental activity (at European Union and national levels) directed at the way the industry does business is also being conducted or considered. Volt does not know the effect, if any, the resolution of these cases or the outcome of governmental activity will have on the industry in general or upon the Staffing Solutions Group's business.

The Staffing Solutions Group also provides direct placement services. In the United States, these services are provided through Volt Professional Placement, an employment search organization specializing in the recruitment and direct hire of individuals, including in information technology, engineering, technical, accounting, finance and administrative support disciplines. The direct placement recruiters operate within Volt's existing United States and European branch system.

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Volt has made and will continue to make substantial investments in technological solutions that focus on core recruiting competencies, improving productivity and reducing administrative burdens for field operations, including new efficiencies for the onboarding process by the elimination of most paper forms. There can be no assurance that these solutions will be competitive, that the segment will continue to develop new solutions or that they will be successful.

Information Technology Solutions

VMC Consulting

VMC Consulting (VMC) offers a varied portfolio of project-based professional services, often utilizing the pool of contingent employees of the other divisions of the Staffing Services segment. Projects range from product development and IT infrastructure to customer support in outsource, insource or blended environments. VMC's customers are located in North America, Asia and Europe.

This business unit, as part of the Technical Placement division, performs outsource services in the form of project-based work, in which the Company assumes responsibility for project milestones and deliverables. Services include electronic games testing, hardware and software testing, software development, data and/or call center management, project management, information technology services, technical communications, extended sales, technical support and technical communications. State-of-the-art

technology solutions are delivered to clients on a project basis, with the work performed either on Volt's premises or at the client's location.

Although VMC Consulting continues its efforts to increase its customer base and to broaden its services, there is no assurance that its present or future services will be competitive, that it will continue to obtain new customers or renew and/or extend existing customer contracts or develop new services or that its present services or new services will continue to be successfully marketed.

E-Procurement Solutions

ProcureStaff

Increasingly, corporations, industry consortia and other buying communities are leveraging the efficiencies of the Internet to maximize their buying power. To take advantage of this e-commerce market, a wholly-owned subsidiary, ProcureStaff, Ltd., provides managed service programs by means of a web-based, vendor neutral procurement and management solution.

A vendor neutral program enables a customer to meet its requirements by selecting a candidate from a number of competing firms, including Volt (if a selected vendor), based upon the customer requirements and the skills of the candidates. At the core of the ProcureStaff model are Consol and HRP, patent pending business-to-business e-commerce procurement applications that are designed to streamline client and vendor functions with increased workflow efficiencies while significantly reducing costs and the risks of non-compliance with client policies.

Utilizing proprietary technologies and management methodologies, ProcureStaff provides procurement, management and consulting solutions for supplemental or alternative staffing. ProcureStaff, as part of the Technical Placement division, provides global services with operations in North America, Europe and Asia.

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Consol also automates and manages the source-to-settle process (from identification of initial requirement through billing for final deliverable) for resource-based services to provide visibility and centralized control over all categories of enterprise-wide services expenditures, including statement of work, project work and deliverable based services. ProcureStaff provides this source-to-settle process to its customers with web-based access the creation of project bid requests, requisition management, electronic procurement, relationship management, vendor management, time keeping, consolidated invoicing, consolidated billing and payment, resource redeployment and sophisticated on-line management reporting.

By adhering to open standards, ProcureStaff enables both customers and vendors to facilitate solution implementation with minimal cost and resources. Implementation of these programs typically requires considerable start up costs by ProcureStaff and usually takes up to four months.

ProcureStaff competes with other companies which provide similar vendor neutral solutions, some of which are affiliated with competitive staffing companies.

Although ProcureStaff continues its efforts to obtain new customers and to develop and enhance its services and systems, there is no assurance that its present or future services will be competitive, that it will continue to obtain new customers or renew existing customer contracts or develop new services or that present services or new services will continue to be successfully marketed.

During the week ended October 30, 2005, the entire Staffing Services segment provided approximately 43,000 (40,000 in 2004) of its own temporary employees to its customers, in addition to employees provided by subcontractors and associate

vendors.

While the markets for the entire Staffing Services segment's services include a broad range of industries throughout the United States, Europe and Asia, general economic conditions in specific geographic areas or industrial sectors affect the profitability of the segment. The segment has also experienced margin erosion caused by increased competition, increased unemployment insurance and workers compensation rates, electronic auctions and customers leveraging their buying power by consolidating the number of vendors with whom they deal. The segment is committed to further efficiencies designed to increase profitability, however, there can be no assurances that profitability will increase. In addition, this segment could be adversely affected by changes in laws, regulations and government policies, including the results of pending litigation and governmental activity regarding the staffing services industry, and related litigation expenses, customers' attitudes toward outsourcing and temporary personnel, any decreases in rates of unemployment in the future and higher wages sought by temporary workers, especially those in certain technical fields often characterized by labor shortages.

Through VMC, the segment has increased the number of higher margin project-oriented services to its customers and thus assumed greater responsibility for the finished product in contrast to traditional staffing services. The risks of unsuccessful performance, including claims by customers and the potential for uncompensated rework and other liabilities are greater in this division. While the Company believes that it can successfully implement its project-based contracts, there can be no assurance that such claims and costs of rework will not increase.

The ability of the entire Staffing Services segment to compete successfully for customers depends on its reputation, pricing and quality of service provided and its ability to engage, in a timely manner, personnel meeting customer requirements. Competition varies from market to market and country to country. In most areas there are few significant barriers to entry and no single provider has a dominant share of the market. The staffing services market is highly competitive. Pricing pressure from customers and competitors continues to be significant and high state unemployment insurance and workers compensation rates continue to impact margins. Many of the contracts entered into by this segment are of a relatively short duration, and awarded on the basis of competitive proposals that are periodically re-bid by the customer. Under many of these contracts, there is no assurance of any minimum amount of work that will actually be available and the Company is frequently required to compete for each placement. Although the Company has been successful in obtaining various short and long-term contracts in the past, in many instances margins under these contracts have decreased. There can be no assurance that existing contracts will be renewed on satisfactory terms or that additional or replacement contracts will be awarded to the Company, or that revenues or profitability from an expired contract will be replaced. Some of this segment's national contracts are large, and the loss of any large contract could have a significantly negative effect on this segment's business unless, and until, the business is replaced. The segment competes with many staffing firms, some of which are larger and have substantially greater financial resources than Volt, as well as with individuals seeking direct employment with the Company's existing and potential customers.

Telephone Directory Segment

Volt's Telephone Directory segment publishes independent telephone directories in the United States and publishes telephone directories in Uruguay; provides telephone directory production, commercial printing, database management, sales and marketing services; and licenses directory production and contract management software systems to directory publishers and others. This segment has transitioned in the United States from the production of telephone directories for others to primarily publishing its own independent telephone directories and in 2005 commenced doing the same in Uruguay. This segment consists of DataNational, Directory Systems/Services and the Uruguay division.

DataNational

DataNational, Volt's independent telephone directory publisher, principally publishes community-based directories, primarily in the

mid-Atlantic and southeastern portions of the United States. DataNational's community-based directories provide consumers with information concerning businesses that provide services within their local geographic area. The directories may also include features that are unique to the community, such as school information, maps and a calendar of events. All of the DataNational directories are also available on the Internet at www.communitybook.info. The division identifies markets where demographics and local shopping patterns are favorable to the division's community-oriented product and adjusts accordingly. During fiscal 2005, the division published 133 community, county and regional directories. DataNational's principal competitors are regional telephone companies, whose directories typically cover a much wider geographic area than the DataNational directories, as well as other independent telephone directory companies, which compete on the local level. DataNational's revenues are generated from yellow page advertising sold in its directories. The Company believes that advertisers are attracted to DataNational's community directories because the directories enable them to specifically target their local markets at a much lower cost than directories covering larger markets.

Directory Systems/Services

Directory Systems/Services develops and markets telephone directory systems and services to directory publishers, using computer systems manufactured by others, combined with proprietary software developed by the Company and by third parties specifically for the division. These systems manage the production and control of databases principally for directory and other advertising media publishers and produce digitized display advertisements and photocomposed pages, with integrated graphics for both printed and electronic yellow and white pages directories. These systems incorporate "workflow management," by which ads are automatically routed between workstations, increasing throughput and control, including management of additions and deletions of listings. These systems are licensed to, and the services are performed for, publishers and others worldwide, including the segment's DataNational division.

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Uruguay

In 2005, Volt's Uruguay division published yellow pages telephone directories as an independent publisher. Revenues are generated from the sale of yellow pages advertising.

In addition to the directory business, Volt's Uruguay division owns and operates an advanced directory printing facility, which includes, among other presses, a high speed, four-color, heat set printing press that is used to print not only its own telephone directories, but also directories for publishers in other South American countries. In addition, this facility does commercial printing, including magazines and periodicals, for various customers in Uruguay and elsewhere in South and Central America.

The Telephone Directory segment's ability to compete depends on its reputation, technical capabilities, price, quality of service and ability to meet customer requirements in a timely manner. The segment faces intense competition for all of its services and products from other suppliers and from in-house facilities of potential customers. Some of this segment's significant competitors are companies that are larger and have substantially greater financial resources than the Company. This segment's sales and profitability are highly dependent on advertising revenue, which has been and continues to be affected by general and local economic conditions. Economic conditions in Uruguay and neighboring countries continue to have a significant adverse impact on advertising and printing revenue and operating profits of the Uruguay operation.

Other than DataNational, a substantial portion of this segment's business is obtained through submission of competitive proposals for contracts. These short and long-term contracts are re-bid after expiration. While the Company has historically secured new contracts and believes it can secure renewals and/or extensions of some of these contracts, some of which are material to this segment, and obtain new business and customers, there can be no assurance that contracts will be renewed or extended, that the segment can successfully obtain new business and customers or that additional or replacement contracts will be

awarded to the Company on satisfactory terms.

Telecommunications Services Segment

Volt's Telecommunications Services segment provides telecommunications and other services, including design, engineering, construction, installation, maintenance and removal of telecommunications equipment for the outside plant and central offices of telecommunications and cable companies, and within end-user premises, in the United States. This segment also provides complete turnkey services for wireless telecommunications carriers and wireless infrastructure suppliers, provides limited distribution of products and provides some non-telecommunications engineering and construction services.

The Telecommunications Services segment is a full-service provider of turnkey solutions to the telecommunications, cable and related industries, as well as for large corporations and governmental entities. The segment's services include:

- o Engineering services, including feasibility studies, right-of-way acquisition, network design and detailed engineering for copper, coaxial and fiber systems, carrier systems design, conduit design, computer-aided design drafting, digitizing records, building industry consultant engineering (BICSI), turnkey design, program management, air pressure design and record verification.
- o Construction services, including both aerial and underground construction services, using the Company's owned and leased vehicles and equipment. These services include jack and bore, directional boring, trenching and excavation, conduit and manhole systems, cable placement and splicing, pole placement and wrecking, copper, coaxial and long- and short-haul fiber optic cable installation, splicing, termination and testing, project management and inspection services.
- o Enterprise infrastructure solutions, including structured cabling and wiring and field installation and repair services involving the design, engineering, installation and maintenance of various types of local and wide-area networks, utilizing copper wiring, coaxial and fiber optics, for voice, data and video, and digital subscriber lines (DSL) and other broadband installation and maintenance services to operating telephone companies, telecommunications equipment manufacturers, cable companies and large end-users, in both the government and private sectors.
- o Central Office services, including engineering, furnishing and installing (EF&I) services, maintenance and removal of transmission systems, distribution frame systems, AC/DC power systems, wiring and cabling, switch peripheral systems, equipment assembly and system integration and controlled environment structures, and other network support services, such as grounding surveys and asset management.
- o Wireless services, including complete turnkey services to both fixed and mobile wireless providers. This includes establishing or enhancing network infrastructure, design, engineering and construction/installation services, site selection, RF engineering, tower erection, antenna installation and inside cabling and wiring services. In performing these services, the segment employs the latest technologies, such as GPS mapping of facilities.

This segment also accommodates customers in the telecommunications industry that require a full range of services from multiple Volt business segments, such as human resources, systems analysis, network integration, software development and turnkey applications. This segment also resells telecommunications equipment to customers. In addition, this segment offers the added value of being able to provide total management of multi-discipline projects because of its ability to integrate efforts on a single project and to assume responsibility for programs that require a single point of contact and uniform quality. The segment performs these services on a project and/or contract personnel placement basis in the outside plant, central offices, wireless sector and within end-user premises. Customers include telephone operating companies, local exchange carriers, wireless carriers, telecommunications equipment manufacturers, cable television providers, electric, gas, water and water-services utilities, federal, state and

municipal government units and private industry.

This segment faces substantial competition with respect to all of its telecommunications services from other suppliers and many customers provide the same type of services as the segment, which means that the segment faces competition from its own customers as well as from third parties. Construction services have been, and could be in the future, adversely affected by weather conditions, because much of the business is performed outdoors. Some of this segment's significant competitors are larger and have substantially greater financial resources than the Company. There are few significant barriers to entry into certain of the markets in which the segment operates, and many competitors are small, local companies that generally have lower overhead. The Company's ability to compete in this segment depends upon its reputation, technical capabilities, pricing, quality of service and ability to meet customer requirements in a timely manner. The Company believes that its competitive position in this segment is augmented by its ability to draw upon the expertise and resources of other Volt segments.

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A portion of the Company's business in this segment is obtained through the submission of competitive proposals for contracts that typically expire within one to three years and upon expiration are re-bid and price is often an important factor in the award of such agreements. Many of this segment's long-term contracts contain cancellation provisions under which the customer can cancel the contract, even if the segment is not in default under the contract. Under many of these contracts, including master service contracts, there is no assurance of any minimum amount of work that will actually be available. Therefore, these contracts do not give the assurance that long-term contracts typically provide. While the Company believes it can secure renewals and/or extensions of some of these contracts, some of which are material to this segment, and obtain new business and customers, there can be no assurance that contracts will be renewed or extended or that additional or replacement contracts will be awarded to the Company on satisfactory terms or that the Company can obtain new business and customers.

Computer Systems Segment

Volt's Computer Systems segment provides its customers with telephone directory services, information services and other operator services, and designs, develops, sells, leases and maintains computer-based directory assistance services along with other database management and related services, primarily to the telecommunications industry. It also provides third party IT and data services to others. This segment is comprised of three synergistic business units: Volt Delta Resources ("VoltDelta"), DataServ and Maintech.

VoltDelta

VoltDelta markets information services to telephone companies and inter-exchange carriers worldwide. The unit sells information service systems to its customers and in addition, provides an Application Service Provider ("ASP") model which also provides information services, including infrastructure and database content, on a transactional use fee basis. VoltDelta has service agreements with major telecommunications carriers in North America, South America and Europe.

To meet the needs of customers who desire to upgrade their operator services capabilities by procuring services as an alternative to making a capital investment, the unit has deployed and is marketing enhanced directory assistance and other information service capabilities as a transaction-based ASP service, charging a fee per transaction. One ASP service is marketed as DirectoryExpress, which provides access to over 180 million United States and Canadian business, residential and government listings to directory assistance operators worldwide. Another ASP service is Directory Assistance Automation ("DAA"), which is currently deployed by major wireline and wireless carriers. VoltDelta owns and operates its own proprietary systems and provides its customers access to a national database sourced from listings obtained by Volt Delta from various telephone companies and other independent sources. In addition, VoltDelta continues to provide customers with new systems, as well as enhancements to existing systems, equipment and software. The ASP model generally requires significant capital expenditure before any revenue is realized,

usually on a transaction basis.

VoltDelta's InfoExpress suite of services includes iExpress, a service that enables its transaction-based customers to offer, for example, operator-assisted yellow pages, driving directions and location-based information services. For consumers (the end-users), especially cellular and PCS users, InfoExpress provides a more convenient and efficient level of directory assistance service since, among other things, consumers may obtain enhanced directory and yellow pages information without having to know the correct area code or even the name of the business. Enhanced information services are particularly attractive in the wireless market, where there is no access to printed telephone directories. The unit's ASP services are being delivered over the switched telephone and VoIP networks to live operators, and recently, through DAA voice portals using speech recognition technologies.

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DataServ

DataServ was established in fiscal year 2002 as a separate division of Volt Delta to target non-telco enterprise customers with enhanced directory assistance and information services. The division's services utilize the most accurate consumer and business databases to allow companies to improve their operations and marketing capabilities. Working with Volt Delta and other data aggregators, DataServ's information is updated daily and is substantially augmented with specialized information unique to the non-telco enterprise customer. DataServ integrates customer applications access via XML and other advanced technologies with its various databases. DataServ has agreements with several agents and resellers to distribute its services into targeted industries.

In order to fulfill its commitments under its contracts, VoltDelta and DataServ are required to develop advanced computer software programs and purchase substantial amounts of computer equipment, as well as license data content, from several suppliers. Most of the equipment and data content required for these contracts is purchased as needed and is readily available from a number of suppliers.

Although the VoltDelta unit was successful during fiscal year 2004 in obtaining new customers for these services, including major telephone companies serving the long distance and cellular markets, and DataServ expanded its customer base and achieved significant revenue growth, there can be no assurance that it will continue to be successful in marketing these services to additional customers, or that the customers' volume of transactions will be at a level sufficient to enable the segment to maintain profitability, nor that it will be able to successfully integrate Varetis Solutions (see below) into its operations.

Maintech

Maintech, a division of Volt Delta Resources, LLC, provides managed IT service solutions to mid-size and large corporate clients across the United States and Canada, including many of those who have purchased systems from Volt Delta. Its service offerings are tailored to mission-critical, multi-platform operating environments where standards of system availability of 99+% are the norm. Maintech's target markets include banking and brokerage, telecommunications, aerospace, healthcare and higher education.

Clients may engage Maintech for an enterprise-wide, single source IT Outsourcing Solutions ("ITOS") commitment that includes program management, technology planning, transition management, Wintel/UNIX system administration, network administration, Network Operations Center ("NOC") services, hardware maintenance and LAN/WAN/Voice services. Clients may also choose Maintech for any subset of services including hardware maintenance of large Wintel/UNIX server farms and corporate Desktop/Deskside support.

This segment operates in a business environment which is highly competitive. Some of this segment's principal competitors are larger and have substantially greater financial resources than the Company. This segment's results are highly dependent on the volume of transactions which are processed by the segment under

existing contracts, the segment's ability to continue to secure comprehensive listings from others, its ability to obtain additional customers for these services and on its continued ability to sell products and services to new and existing customers. This segment's position in its market depends largely upon its reputation, quality of service and ability to develop, maintain and implement information systems on a cost competitive basis. Although the segment continues its investment in research and development, there is no assurance that this segment's present or future products will be competitive, that the segment will continue to develop new products or that present products or new products can be successfully marketed.

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Some of this segment's contracts expired in 2005, while others were renewed and new contracts were awarded to the segment. Other contracts are scheduled to expire in 2006 through 2008. Many of this segment's long-term contracts contain cancellation provisions under which the customer can cancel the contract, even if the segment is not in default under the contract. Therefore, these contracts do not give the assurances that long-term contracts typically provide. While the Company believes it can secure renewals and/or extensions of some of these contracts, some of which are material to this segment, and obtain new business and customers, there can be no assurance that contracts will be renewed or extended or that additional or replacement contracts will be awarded to the Company on satisfactory terms or that new business and customers can be obtained.

The Company's Computer Systems segment consists of Volt Delta Resources, LLC, and its subsidiaries. As of October 30, 2005, Volt Delta Resources, LLC was 76% owned by the Company and 24% owned by Nortel Networks, which resulted from a transaction on August 2, 2004, when Volt Delta Resources, LLC, which previously was a wholly-owned subsidiary of the Company, consummated a contribution agreement with Nortel Networks. Under the contribution agreement Nortel Networks contributed substantially all of the assets (consisting principally of customer base and contracts, intellectual property and inventory) and certain specified liabilities of its directory and operator services ("DOS") business to Volt Delta Resources, LLC in exchange for a 24% minority interest in Volt Delta Resources, LLC. The Company and Nortel Networks also entered into agreements which provided for the management of Volt Delta Resources, LLC and the respective rights and obligations of the interest holders thereof. On December 29, 2005, Volt Delta Resources, LLC purchased that 24% minority interest from Nortel Networks for \$56.4 million.

On December 30, 2005, Volt Delta Resources, LLC purchased Varetis Solutions GmbH, headquartered in Munich Germany. The acquisition allows the company to focus on the evolving global market for directory information systems and services. Varetis Solutions adds technology in the area of wireless and wireline database management, directory assistance/enquiry automation, and wireless handset information delivery to Volt Delta's significant technology portfolio.

Research, Development and Engineering

During fiscal years 2005, 2004 and 2003, the Company expended approximately \$1.1 million, \$4.7 million and \$2.1 million, respectively, on research, development and engineering for product and service development and improvement, substantially all of which is Company sponsored, and none of which was capitalized. The major portion of research and development expenditures was incurred by the Computer Systems segment.

In addition, the Company invests in software for internal use, including planning, coding, testing, deployment, training and maintenance. In fiscal 2005, expenditures for internal-use software were \$21.1 million of which \$4.4 million was capitalized.

Intellectual Property

"Volt" is a registered trademark of the Company under a number of registrations. The Company also holds a number of other trademarks and patents related to certain of its products and services; however, it does not believe that any of these are material to the Company's business or that of any segment. The Company is also a licensee of technology from many of its suppliers, none of which individually is considered material to the Company's business or the business of

any segment.

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Customers

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In fiscal 2005, the Telecommunications Services segment's sales to two customers accounted for approximately 30% and 14% of the total sales of that segment; the Computer Systems segment's sales to two customers accounted for approximately 31% and 13% of the total sales of that segment and the Staffing Services segment's sales to one customer accounted for approximately 13% of the total sales of that segment. In fiscal 2005, the sales to seven operating units of one customer, Microsoft Corporation, accounted for 11% of the Company's consolidated net sales of \$2.2 billion and 7% of the Company's consolidated gross billings of \$3.3 billion. The difference between net sales and gross billings is the Company's associate vendor costs, which are excluded from sales due to the Company's relationship with the customers and the Company's associate vendors, who have agreed to be paid subject to receipt of the customers' payment to the Company. Generally accepted accounting principles require these sales to be reported net. The Company believes that gross billing is a meaningful measure, which reflects actual volume by the customers.

In fiscal 2004, the Telecommunications Services segment's sales to four customers accounted for approximately 17%, 15%, 12% and 11% of the total sales of that segment; the Computer Systems segment's sales to one customer accounted for approximately 28% of the total sales of that segment; the Staffing Services segment's sales to one customer accounted for approximately 14% of the total sales of that segment; and the Telephone Directory segment's sales to one customer accounted for approximately 10% of the total sales of that segment. In fiscal 2004, the sales to seven operating units of one customer, Microsoft Corporation, accounted for 12% of the Company's consolidated net sales of \$1.9 billion and 7.6% of the Company's consolidated gross billings of \$3.0 billion.

In fiscal 2003, the Telecommunications Services segment's sales to three customers accounted for approximately 23%, 18%, and 12% of the total sales of that segment; and the Computer Systems segment's sales to two customers accounted for approximately 27% and 13% of the total sales of that segment; the Staffing Services segment's sales to one customer accounted for approximately 13% of the total sales of that segment; and the Telephone Directory segment's sales to one customer accounted for approximately 10% of the total sales of that segment. In fiscal 2003, the sales to seven operating units of one customer, Microsoft Corporation, accounted for 10.6% of the Company's consolidated net sales of \$1.6 billion and 6.7% of the Company's consolidated gross billings of \$2.6 billion.

The loss of one or more of these customers, unless the business is replaced by the segment, could result in an adverse effect on the results for that segment's business.

Seasonality

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Historically, the Company's results of operations have been lowest in its first fiscal quarter as a result of reduced requirements for the Staffing Services segment's personnel due to the Thanksgiving, Christmas and New Year holidays as well as certain customer facilities closing for one to two weeks. In addition, the Telephone Directory segment's DataNational division publishes more directories during the second half of the fiscal year. During the third and fourth quarter of the fiscal year, the Staffing Services segment benefits from a reduction of payroll taxes and increased use of Administrative and Industrial services during the summer vacation period.

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Employees

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During the week ended October 30, 2005, Volt employed approximately 48,000 persons, including approximately 43,000 persons who were on temporary assignment for the Staffing Services segment. Volt is a party to two collective bargaining agreements, which cover a small number of its employees. The Company believes that its relations with its employees are satisfactory.

Certain services rendered by Volt's operating segments require highly trained technical personnel in specialized fields, some of whom are currently in short supply and, while the Company currently has a sufficient number of such technical personnel in its employ, there can be no assurance that in the future, these segments can continue to employ sufficient technical personnel necessary for the successful conduct of their services without significantly higher costs.

Regulation

Some states in the United States license and regulate temporary service firms, employment agencies and construction companies. In Europe, the temporary service business and employment agencies are subject to regulation at both country and European levels. In connection with foreign sales by the Telephone Directory and Computer Systems segments, the Company is subject to export controls, including restrictions on the export of certain technologies. With respect to countries in which the Company's Telephone Directory and Computer Systems segments presently sell certain of their current products, the sale of their current products, both hardware and software, are permitted pursuant to a general export license. If the Company began selling to countries designated by the United States as sensitive or developed products subject to restriction, sales would be subject to more restrictive export regulations.

Compliance with applicable present federal, state and local environmental laws and regulations has not had, and the Company believes that compliance with those laws and regulations in the future will not have, a material effect on the Company's earnings, capital expenditures or competitive position.

Access to Company Information

The Company electronically files its Annual Report on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and all amendments to those reports with the Securities and Exchange Commission ("SEC"). These and other SEC filings by the Company are available to the public over the Internet at the SEC's website at <http://www.sec.gov> and at the Company's website at <http://www.volt.com> in the Investor Information section as soon as reasonably practicable after they are electronically filed with the SEC. Copies of the Company's Code of Ethics and other significant corporate documents are also available at the Company's website in the Investor Information section. Copies are also available without charge upon request to Volt Information Sciences, Inc., 560 Lexington Avenue, New York, New York 10022, 212-704-2400, Attention: Shareholder Relations.

ITEM 1A. RISK FACTORS

Forward-Looking Statements

This report and other reports and statements issued by the Company and its officers from time to time contain certain "forward-looking statements." Words such as "may," "should," "likely," "could," "seek," "believe," "expect," "anticipate," "estimate," "project," "intend," "strategy," "design to," and similar expressions are intended to identify forward-looking statements about the Company's future plans, objectives, performance, intentions and expectations. These forward-looking statements are subject to a number of known and unknown risks and uncertainties including, but are not limited to, those set forth below under "Factors That May Affect Future Results." Such risks and uncertainties could cause the Company's actual results, performance and achievements to differ materially from those described in or implied by the forward-looking statements. Accordingly, readers should not place undue reliance on any forward-looking statements made by or on behalf of the Company. The Company does not assume any obligation to update any forward-looking statements after the date they are made.

FACTORS THAT MAY AFFECT FUTURE RESULTS

THE COMPANY'S BUSINESS IS DEPENDENT UPON GENERAL ECONOMIC, COMPETITIVE AND OTHER BUSINESS CONDITIONS, INCLUDING THE UNITED STATES AND EUROPEAN ECONOMIES AND

OTHER GENERAL CONDITIONS, SUCH AS CUSTOMERS OFF-SHORING ACTIVITIES TO OTHER COUNTRIES.

The demand for the Company's services in all segments is dependent upon general economic conditions. Accordingly, the Company's business tends to suffer during economic downturns. In addition, in the past few years major United States companies, many of which are customers of the Company, have increasingly outsourced business to foreign countries with lower labor rates, less costly employee benefit requirements and fewer regulations than the United States. There could be an adverse effect on the Company if customers and potential customers continue to move manufacturing and servicing operations off-shore, reducing their need for temporary workers within the United States. It is also important for the Company to diversify its pool of available temporary personnel to offer greater support to the service sector of the economy and other businesses that have more difficulty in moving off-shore, as well as expanding its retail customer base which generally affords higher margin opportunities. In addition, the Company's other segments may be adversely affected if they are required to compete from the Company's United States based operations against competitors based in such other countries. Although the Company has begun to expand its operations, in a limited manner and to serve existing customers, in such countries, and has established subsidiaries in some foreign countries, there can be no assurance that this effort will be successful or that the Company can successfully compete with competitors based overseas or who have established foreign operations.

The Company's business is dependent upon the continued financial strength of its customers. Some customers that experience economic downturns or other negative factors are less likely to use the Company's services.

In the staffing services segment, a weakened economy results in decreased demand for temporary and permanent personnel. When economic activity slows down, many of the Company's customers reduce their use of temporary employees before they reduce the number of their regular employees. There is less need for contingent workers by all potential customers, who are less inclined to add to their costs. Since employees are reluctant to risk changing employers, there are fewer openings and reduced activity in permanent placements as well. In addition, while in many fields there are ample applicants for available positions, variations in the rate of unemployment and higher wages sought by temporary workers in certain technical fields with labor shortages could affect the Company's ability to meet its customers' demands in these fields and the Company's profit margins. The segment has also experienced margin erosion caused by increased competition, electronic auctions and customers leveraging their buying power by consolidating the number of vendors with which they deal. Increased workers' compensation costs and unemployment insurance, other payroll taxes and business taxes, some of which the Company is unable to pass on to customers, also place pressure on margins.

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Customer use of the Company's telecommunications services is similarly affected by a weakened economy in that some of the Company's customers reduce their use of outside services in order to provide work to their in-house departments. Actions by major long-distance telephone companies to reduce marketing of local residential service and consolidation in the telecommunications industry could also negatively impact both sales and margins of the segment.

Additionally, in all segments, the degree and timing of customer acceptance of systems and of obtaining new contracts and the rate of renewals of existing contracts, as well as customers' utilization of the Company's services, could adversely affect the Company's businesses.

MANY OF THE COMPANY'S CONTRACTS EITHER PROVIDE NO MINIMUM PURCHASE REQUIREMENTS OR ARE CANCELABLE DURING THE TERM, OR BOTH.

In all segments, many of the Company's contracts, even those master service contracts whose duration spans a number of years, provide no assurance of any minimum amount of work that will actually be available under any contract. Most staffing services contracts are not sole source, so the segment must compete for each placement at the customer. Similarly, many telecommunications master contracts require competition in order to obtain each individual work project. In addition, many of the Company's long-term contracts contain cancellation provisions under which the customer can cancel the contract, even if the Company is not in default under the contract. Therefore, these contracts do not give the

assurances that long-term contracts often provide.

THE COMPANY'S STAFFING SERVICES BUSINESS AND ITS OTHER SEGMENTS SUBJECT IT TO EMPLOYMENT-RELATED AND OTHER CLAIMS.

The Company's staffing services business employs individuals on a temporary basis and places them in a customer's workplace. The Company's ability to control the customer workplace is often limited, and the Company risks incurring liability to its employees for injury (which results in increased workers' compensation costs) or other harm that they suffer at the customer's workplace. Increases in worker's compensation costs adversely affect the Company's competitive position and its ability to retain business and obtain new business. Although the Company has not historically suffered materially for such harm suffered by its employees, other than increases in workers' compensation costs, there can be no assurance that future claims will not materially adversely affect the Company.

Additionally, the Company risks liability to its customers for the actions of the Company's employees that may result in harm to the Company's customers. Such actions may be the result of negligence or misconduct on the part of the Company's temporary employees. These same factors apply to all of the Company's business units, although the risk may be reduced where the Company itself controls the employees and/or the workplace. Nevertheless, the risk is present in all segments.

The Company may incur fines or other losses and negative publicity with respect to any litigation in which it becomes involved. Although the Company maintains insurance for many such actions, there can be no assurance that its insurance will cover future actions or that the Company will continue to be able to obtain such insurance on acceptable terms, if at all.

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NEW AND INCREASED GOVERNMENT REGULATION COULD HAVE A MATERIAL ADVERSE EFFECT ON THE COMPANY'S BUSINESS, ESPECIALLY ITS CONTINGENT STAFFING BUSINESS.

Certain of the Company's businesses are subject to licensing and regulation in many states and certain foreign jurisdictions. Although the Company has not had any difficulty complying with these requirements in the past, there can be no assurance that the Company will continue to be able to do so, or that the cost of compliance will not become material. Additionally, the jurisdictions in which we do or intend to do business may:

- o create new or additional regulations that prohibit or restrict the types of services that we currently provide;
- o impose new or additional employee benefit requirements, thereby increasing costs that may not be able to be passed on to customers or which would cause customers to reduce their use of the Company's services, especially in its staffing services segment, which would adversely impact the Company's ability to conduct its business;
- o require the Company to obtain additional licenses to provide its services;
or
- o increase taxes (especially payroll and other employment related taxes) or enact new or different taxes payable by the providers of services such as those offered by the Company, thereby increasing costs, some of which may not be able to be passed on to customers or which would cause customers to reduce their use of the Company's services, especially in its staffing services segment, which would adversely impact the Company's ability to conduct its business.

In addition, certain private and governmental entities have focused on the contingent staffing industry in particular and, in addition to their potential to impose additional requirements and costs, they and their supporters could cause changes in customers' attitudes toward the use of outsourcing and temporary personnel in general. This could have an adverse effect on the Company's contingent staffing business.

THE COMPANY IS DEPENDENT UPON ITS ABILITY TO ATTRACT AND RETAIN CERTAIN TECHNOLOGICALLY QUALIFIED PERSONNEL.

The Company's future success is dependent upon its ability to attract and retain certain classifications of technologically qualified personnel for its own use, particularly in the areas of research and development, implementation and upgrading of internal systems, as well as in its staffing services segment. The availability of such personnel is dependent upon a number of economic and demographic conditions. The Company may in the future find it difficult or more costly to hire such personnel in the face of competition from other companies.

THE INDUSTRIES IN WHICH THE COMPANY DOES BUSINESS ARE VERY COMPETITIVE.

The Company operates in very competitive industries with, in most cases, limited barriers to entry. Some of the Company's principal competitors are larger and have substantially greater financial resources than the Company. Accordingly, these competitors may be better able than the Company to attract and retain qualified personnel and may be able to offer their customers more favorable pricing terms than the Company. In many businesses, small competitors can offer similar services at lower prices because of lower overheads.

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The Company, in all segments, has experienced intense price competition and pressure on margins and lower renewal markups for customers' contracts than previously obtained. While the Company has and will continue to take action to meet competition in its highly competitive markets with minimal impact on margins, there can be no assurance that the Company will be able to do so.

The Company, in certain businesses in all segments, must obtain or produce products and systems, principally in the IT environment, to satisfy customer requirements and to remain competitive. While the Company has been able to do so in the past, there can be no assurance that in the future the Company will be able to foresee changes and to identify, develop and commercialize innovative and competitive products and systems in a timely and cost effective manner and to achieve customer acceptance of its products and systems in markets characterized by rapidly changing technology and frequent new product introductions. In addition, the Company's products and systems are subject to risks inherent in new product introductions, such as start-up delays, cost overruns and uncertainty of customer acceptance, the Company's dependence on third parties for some product components and in certain technical fields with labor shortages, the Company's ability to hire and retain such specialized employees, all of which could affect the Company's ability to meet its customers' demands in these fields and the Company's profit margins.

In addition to these general statements, the following information applies to the specific segments identified below.

The Company's Staffing Services segment is in a very competitive industry with few significant barriers to entry. There are many temporary service firms in the United States and Europe, many with only one or a few offices that service only a small market and generally have lower overhead. On the other hand, some of this segment's principal competitors are larger and have substantially greater financial resources than the Company and service the multi-national accounts whose business the Company solicits. Accordingly, these competitors may be better able than the Company to attract and retain qualified personnel and may be able to offer their customers more favorable pricing terms than the Company. Furthermore, all of the staffing industry is subject to the fact that contingent workers are provided to customers and most customers are more protective of their full time workforce than contingent workers.

The results of the Company's Computer Systems segment are highly dependent on the volume of directory assistance calls to this segment's customers which are processed by the segment under existing contracts, the segment's ability to continue to secure comprehensive listings from others at acceptable pricing, its ability to obtain additional customers for these services and on its continued ability to sell products and services to new and existing customers. The volume of transactions with this segment's customers is subject to reduction as consumers utilize listings offered on the Internet. This segment's position in its market depends largely upon its reputation, quality of service and ability to develop, maintain and implement information systems on a cost competitive basis. Although Volt continues its investment in research and development, there is no assurance that this segment's present or future products will be competitive, that the segment will continue to develop new products or that present products or new products can be successfully marketed.

The Company's Telecommunications Services segment faces substantial competition with respect to all of its telecommunications services from other suppliers and from in-house capabilities of present and potential customers. Since many of our customers provide the same type of services as the segment, the segment faces competition from its own customers and potential customers as well as from third parties. The telecommunications service segment performs much of its services outdoors, and its business can be adversely affected by inclement weather. Some of this segment's significant competitors are larger and have substantially greater financial resources than the Company. There are relatively few significant barriers to entry into certain of the markets in which the segment operates, and many competitors are small, local companies that generally have lower overhead. In August 2005, the Company restructured the Telecommunications Services segment which is expected to result in a reduction of future overhead within the segment, including reduction of the headcount, consolidating two divisions and closing and consolidating several of its leased locations. The Company's ability to compete in this segment depends upon its reputation, technical capabilities, pricing, quality of service and ability to meet customer requirements in a timely manner, as well as the economic health of the telecom industry. Volt believes that its competitive position in this segment is augmented by its ability to draw upon the expertise and resources of other Volt segments.

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THE COMPANY MUST SUCCESSFULLY INTEGRATE THE PURCHASED VARETIS SOLUTIONS INTO THE COMPANY'S COMPUTER SYSTEMS SEGMENT

On December 30, 2005, Volt Delta Resources, LLC ("Volt Delta"), a now wholly-owned subsidiary of the Company, acquired varetis AG's Varetis Solutions subsidiary, which is engaged in the business of providing directory assistance solutions to customers. Together with its subsidiaries, Volt Delta is reported as the Company's Computer Systems Segment. In addition to the factors described elsewhere herein, the Company's results in this segment are dependent upon the Company's ability to successfully integrate the acquisition into Volt Delta's business with minimal interference with the segment's business.

THE COMPANY MUST STAY IN COMPLIANCE WITH ITS SECURITIZATION PROGRAM AND OTHER LOAN AGREEMENTS

The Company is required to maintain a sufficient credit rating to enable it to continue its Securitization Program and maintain its existing credit rating in order to avoid any increase in fees under other credit agreements. In addition, the Company must also comply with the financial and other covenants applicable under the various agreements and other borrowing instruments.

While the Company was in compliance with all such requirements at the end of the fiscal year and believes it will remain in compliance throughout the next twelve months, there can be no assurance that will be the case or that waivers may not be required.

THE COMPANY MUST STAY IN COMPLIANCE WITH THE SARBANES-OXLEY ACT

The Company believes it is in compliance with the Sarbanes-Oxley Act of 2002, except for the single material weakness described in Item 9A of this Form 10-K. The cost of compliance adversely affected the Company's operating results for its 2005 fiscal year. The costs of continued compliance with the Act will affect the Company's operating results in the future, but not to the extent of the Company's 2005 first year compliance. While the Company expects to be in compliance with the Act, there can be no assurance that it will be able to do so.

THE COMPANY'S PRINCIPAL SHAREHOLDERS OWN A SIGNIFICANT PERCENTAGE OF THE COMPANY AND WILL BE ABLE TO EXERCISE SIGNIFICANT INFLUENCE OVER THE COMPANY AND THEIR INTERESTS MAY DIFFER FROM THOSE OF OTHER SHAREHOLDERS.

As of December 31, 2005, the Company's principal shareholders and members of their family controlled in excess of 45% of the Company's outstanding common stock. Accordingly, these shareholders are able to control the composition of the Company's board of directors and many other matters requiring shareholder approval and will continue to have significant influence over the Company's affairs. This concentration of ownership also could have the effect of delaying or preventing a change in control of the Company or otherwise discouraging a potential acquirer from attempting to obtain control of the Company.

THE COMPANY'S STOCK PRICE COULD BE EXTREMELY VOLATILE AND, AS A RESULT, INVESTORS MAY NOT BE ABLE TO RESELL THEIR SHARES AT OR ABOVE THE PRICE THEY PAID FOR THEM.

Among the factors that could affect the Company's stock price are:

- o limited float and a low average daily trading volume, notwithstanding that the Company's stock is traded on the New York Stock Exchange;
- o industry trends and the business success of the Company's customers;
- o loss of a key customer;
- o fluctuations in the Company's results of operations;
- o the Company's failure to meet the expectations of the investment community and changes in investment community recommendations or estimates of the Company's future results of operations;
- o strategic moves by the Company's competitors, such as product announcements or acquisitions;
- o regulatory developments, including compliance with The Sarbanes-Oxley Act of 2002;
- o litigation;
- o general market conditions; and
- o other domestic and international macroeconomic factors unrelated to the Company's performance.

The stock market has and may in the future experience extreme volatility that has often been unrelated to the operating performance of particular companies. These broad market fluctuations may adversely affect the market price of the Company's common stock.

In the past, following periods of volatility in the market price of a company's securities, securities class action litigation has often been instituted. If a securities class action suit is filed against the Company, it would incur substantial legal fees and management's attention and resources would be diverted from operating its business in order to respond to the litigation.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None

ITEM 2. PROPERTIES

The Company occupies approximately 46,000 square feet of space at 560 Lexington Avenue, New York, New York under leases that expire in 2009. The facility serves as the Company's corporate headquarters, the headquarters for the Company's Computer Systems segment and a base for certain operations of the Company's Staffing Services segment. The following table sets forth certain information as to each of the Company's other major facilities:

<TABLE>

<CAPTION>

Location	Business Segment	Approximate Sq. Ft.		If Leased, Year of Lease Expiration
		Leased	Or Owned	
Orange, California	West Region Headquarters Accounting Center Staffing Services Computer Systems	200,000		Owned (1)

El Segundo, California	Staffing Services	20,000	Owned
San Diego, California	Staffing Services	20,000	Owned
Montevideo, Uruguay	Telephone Directory	96,000	2007
Blue Bell, Pennsylvania	Telephone Directory Computer Systems	55,000	2007
Redmond, Washington	Staffing Services	46,000 40,000	2010 2007
Edison, New Jersey	Telecommunications Services	42,000	2010
Wallington, New Jersey	Computer Systems	32,000	2008

(1) See Note F of Notes to Consolidated Financial Statements for information regarding a term loan secured by a deed of trust on this property.

The Company leases space in approximately 250 other facilities worldwide (excluding month-to-month rentals), each of which consists of less than 20,000 square feet. These leases expire at various times from 2006 until 2014.

At times, the Company leases space to others in the buildings that it owns or leases, if it does not require the space for its own business. The Company believes that its facilities are adequate for its presently anticipated uses and that it is not dependent upon any individually leased premises.

For additional information pertaining to lease commitments, see Note O of Notes to Consolidated Financial Statements.

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ITEM 3. LEGAL PROCEEDINGS

From time to time, the Company is party to certain claims and legal proceedings which arise in the ordinary course of business, including those discussed in Item 1 of this Report. There are no claims or legal proceedings pending against the Company or its subsidiaries, which, in the opinion of management, would have a material adverse effect on the Company's consolidated financial position or results of operations.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable.

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EXECUTIVE OFFICERS

WILLIAM SHAW, 81, a founder of the Company, has been President, co-Chief Executive Officer and Chairman of the Board of the Company since September 2005 and prior thereto served as President, Chief Executive Officer and Chairman of the Board of the Company since its inception in 1957. He has been employed in executive capacities by the Company and its predecessors since 1950.

STEVEN A. SHAW, 46, has been Executive Vice President, co-Chief Executive Officer and Chief Operating Officer of the Company since September 2005 and prior thereto served as Executive Vice President and Chief Operating Officer of the Company since March 2005, Senior Vice President of the Company from November 2000 until March 2005 and Vice President of the Company from April 1997 until November 2000. He has been employed by the Company in executive capacities since

November 1995.

JEROME SHAW, 79, a founder of the Company, has been Executive Vice President and Secretary of the Company since its inception in 1957 and has been employed in executive capacities by the Company and its predecessors since 1950.

JAMES J. GROBERG, 77, has been a Senior Vice President and Principal Financial Officer of the Company since September 1985 and was also employed in executive capacities by the Company from 1973 to 1981.

HOWARD B. WEINREICH, 63, has been General Counsel of the Company since September 1985 and a Senior Vice President of the Company since May 2001. He has been employed in executive capacities by the Company since 1981.

THOMAS DALEY, 51, has been Senior Vice President of the Company since March 2001 and has been employed in executive capacities by the Company since 1980.

LUDWIG M. GUARINO, 54, has been Treasurer of the Company since January 1994 and has been employed in executive capacities by the Company since 1976.

JACK EGAN, 56, has been Vice President - Corporate Accounting and Principal Accounting Officer since January 1992 and has been employed in executive capacities by the Company since 1979.

DANIEL G. HALLIHAN, 57, has been Vice President - Accounting Operations since January 1992 and has been employed in executive capacities by the Company since 1986.

RONALD KOCHMAN, 46, has been Vice President since March 2005 and has been employed by the Company in executive capacities since 1987.

William Shaw and Jerome Shaw are brothers. Steven A. Shaw is the son of Jerome Shaw. Bruce G. Goodman, a director of the Company, is the son-in-law of William Shaw. There are no other family relationships among the executive officers or directors of the Company.

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PART II

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

The Company's common stock is traded on the New York Stock Exchange (NYSE Symbol-VOL). The following table sets forth the high and low prices of Volt's common stock, as reported by the NYSE, during the Company's two fiscal years ended October 30, 2005:

<TABLE>

<CAPTION>

Fiscal Period	2005		2004	
	High	Low	High	Low
First Quarter	\$31.99	\$24.57	\$23.55	\$17.70
Second Quarter	32.51	19.67	27.79	21.20
Third Quarter	27.21	19.10	31.98	23.03
Fourth Quarter	27.59	17.52	31.23	22.28

As of January 6, 2006, there were approximately 341 holders of record of the Company's common stock, exclusive of shareholders whose shares were held by brokerage firms, depositories and other institutional firms in "street name" for their customers.

Cash dividends have not been paid during the reported periods. The Company's credit agreement contains financial covenants, one of which limits dividends in any fiscal year to 50% of the prior year's consolidated net income, as defined. Therefore, the amount available for dividends at October 31, 2005 was \$8.5 million. The Company does not currently anticipate the payment of cash dividends in fiscal 2006 beyond Volt Delta's distribution to Nortel Networks of \$5.4

million, which was paid on December 29, 2005.

The following table sets forth certain information, as at October 30, 2005, with respect to the Company's equity compensation plans:

<TABLE>

<CAPTION>

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans
<S>	<C>	<C>	
Equity compensation plans approved by security holders	440,898(a)	\$20.94	-(a)
Equity compensation plans not approved by security holders	-	-	-
Total	440,898	\$20.94	-

</TABLE>

(a) The Company's 1995 Non-Qualified Stock Option Plan, the Company's only equity compensation plan terminated on May 16, 2005 except for options previously granted under the plan.

No information of the type called for by Items 701 and 703 of Regulation S-K (relating to unregistered sales of equity securities by the Company and purchases of equity securities by the Company and affiliated purchasers) is required to be included in this Form 10-K.

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ITEM 6. SELECTED FINANCIAL DATA

<TABLE>

<CAPTION>

	Year Ended (Notes 1 and 2)					
	October 30, 2005	October 31, 2004	November 2, 2003	November 3, 2002	November 4, 2001	
	(In thousands, except per share data)					
<S>	<C>	<C>	<C>	<C>	<C>	
Net Sales	\$2,177,619	\$1,924,777	\$1,609,491	\$1,468,093	\$1,901,491	
Income (loss) from continuing operations - before items shown below--Note 3		\$17,040	\$24,196	\$4,205	(\$5,096)	\$7,296
Discontinued operations--Note 4			9,520	4,310	(814)	
Cumulative effect of a change in accounting - goodwill impairment--Note 3				(31,927)		
Net income (loss)	\$17,040	\$33,716	\$4,205	(\$32,713)	\$6,482	
Per Share Data						
Basic:						
Income (loss) from continuing operations - before items shown below	\$1.11	\$1.59	\$0.28	(\$0.33)	\$0.48	
Discontinued operations		0.62		0.28	(0.06)	
Cumulative effect of a change in accounting				(2.10)		
Net income (loss)	\$1.11	\$2.21	\$0.28	(\$2.15)	\$0.42	
Weighted average number of shares	15,320	15,234	15,218	15,217	15,212	

Diluted:

Income (loss) income from continuing operations - before items shown below	\$1.11	\$1.58	\$0.28	(\$0.33)	\$0.48
Discontinued operations	0.62		0.28	(0.06)	
Cumulative effect of a change in accounting				(2.10)	
Net income (loss)	\$1.11	\$2.20	\$0.28	(\$2.15)	\$0.42
Weighted average number of shares	15,417	15,354	15,225	15,217	15,244
Total assets	\$688,712	\$690,036	\$540,483	\$511,569	\$639,258
Long-term debt, net of current portion	\$13,297	\$15,588	\$14,098	\$14,469	\$15,993

</TABLE>

Note 1--Fiscal years 2001 through 2005 consisted of 52 weeks.

Note 2--Cash dividends were not paid during the five-year period ended October 30, 2005.

Note 3--Fiscal 2004 included a gain from the sale of real estate of \$3.3 million (\$2.0 million, net of taxes, or \$0.13 per share).

Fiscal 2002 included a non-cash charge of \$31.9 million, or \$2.10 per share, recognized for goodwill impairment as of November 5, 2001 presented as a cumulative effect of a change in accounting. Amortization of goodwill, included in continuing operations net of taxes, which was not permitted to be amortized beginning in fiscal year 2002 under Statement of Financial Accounting Standards No. 142, is included in fiscal year 2001 as follows: \$2.0 million, or \$0.13 per share.

Fiscal 2001 included a gain on the sale of the Company's interest in a real estate partnership of \$4.2 million (\$2.5 million, net of taxes, or \$0.16 per share) and a gain on the sale of securities, net of a write-down of other securities, of \$5.6 million (\$3.4 million, net of taxes, or \$0.22 per share).

Note 4--Fiscal 2004 included a gain from discontinued operations of \$9.5 million (net of taxes of \$4.6 million), or \$0.62 per share, from the sale of real estate previously leased to the Company's former 59% owned subsidiary, Autologic International, Inc. ("Autologic").

Fiscal 2002 included a net gain of \$4.3 million, or \$0.28 per share, including a tax benefit of \$1.7 million (resulting from a taxable loss versus a gain for financial statement purposes), from discontinued operations resulting from the Company's sale of its 59% interest in Autologic. This amount included a \$4.5 million gain on the sale, partially offset by a \$0.2 million loss on operations. Accordingly, the results of operations of Autologic have also been classified as discontinued in the statements of income for fiscal year 2001.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Critical Accounting Policies

Management's discussion and analysis of its financial position and results of operations are based upon the Company's consolidated financial statements, which have been prepared in accordance with accounting principles generally accepted in the United States. The preparation of these financial statements requires management to make estimates, judgments, assumptions and valuations that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures. Future reported results of operations could be impacted if the Company's estimates, judgments, assumptions or valuations made in earlier periods prove to be wrong. Management believes the critical accounting policies and areas that require the most significant estimates, judgments, assumptions or valuations used in the preparation of the Company's financial statements are as

follows:

Revenue Recognition - The Company derives its revenues from several sources. The revenue recognition methods, which are consistent with those prescribed in Staff Accounting Bulletin 104 ("SAB 104"), "Revenue Recognition in Financial Statements," are described below in more detail for the significant types of revenue within each of its segments.

Staffing Services:

Staffing: Sales are derived from the Company's Staffing Solutions Group supplying its own temporary personnel to its customers, for which the Company assumes the risk of acceptability of its employees to its customers, and has credit risk for collecting its billings after it has paid its employees. The Company reflects revenues for these services on a gross basis in the period the services are rendered. In fiscal 2005, this revenue comprised approximately 75% of the Company's net sales.

Managed Services: Sales are generated by the Company's E-Procurement Solutions subsidiary, ProcureStaff, and for certain contracts, sales are generated by the Company's Staffing Solutions Group's managed services operations. The Company receives an administrative fee for arranging for, billing for and collecting the billings related to staffing companies ("associate vendors") who have supplied personnel to the Company's customers. The administrative fee is either charged to the customer or subtracted from the Company's payment to the associate vendor. The customer is typically responsible for assessing the work of the associate vendor, and has responsibility for the acceptability of its personnel, and in most instances the customer and associate vendor have agreed that the Company does not pay the associate vendor until the customer pays the Company. Based upon the revenue recognition principles in Emerging Issues Task Force ("EITF") 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent," revenue for these services, where the customer and the associate vendor have agreed that the Company is not at risk for payment, is recognized net of associated costs in the period the services are rendered. In fiscal 2005, this revenue comprised approximately 2% of the Company's net sales.

Outsourced Projects: Sales are derived from the Company's Information Technology Solutions operation providing outsource services for a customer in the form of project work, for which the Company is responsible for deliverables. The Company's employees perform the services and the Company has credit risk for collecting its billings. Revenue for these services is recognized on a gross basis in the period the services are rendered when on a time and material basis, and when the Company is responsible for project completion, revenue is recognized when the project is complete and the customer has approved the work. In fiscal 2005, this revenue comprised approximately 5% of the Company's net sales.

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

Critical Accounting Policies--Continued

Telephone Directory:

Directory Publishing: Sales are derived from the Company's sales of telephone directory advertising for books it publishes as an independent publisher in the United States and Uruguay. The Company's employees perform the services and the Company has credit risk for collecting its billings. Revenue for these services is recognized on a gross basis in the period the books are printed and distributed. In fiscal 2005, this revenue comprised approximately 3% of the Company's net sales.

Ad Production and Other: Sales are generated when the Company performs design, production and printing services, and database management for other publishers' telephone directories. The Company's employees perform the services and the Company has credit risk for collecting its billings. Revenue for these services is recognized on a gross basis in the period the

Company has completed its production work and upon customer acceptance. In fiscal 2005, this revenue comprised approximately 1% of the Company's net sales.

Telecommunications Services:

Construction: Sales are derived from the Company supplying aerial and underground construction services. The Company's employees perform the services, and the Company takes title to all inventory and has credit risk for collecting its billings. The Company relies upon the principles in AICPA Statement of Position ("SOP") 81-1, "Accounting for Performance of Construction-Type Contracts," using the completed-contract method, to recognize revenue on a gross basis upon customer acceptance of the project. In fiscal 2005, this revenue comprised approximately 4% of the Company's net sales.

Non-Construction: Sales are derived from the Company performing design, engineering and business systems integrations work. The Company's employees perform the services and the Company has credit risk for collecting its billings. Revenue for these services is recognized on a gross basis in the period in which services are performed, and if applicable, any completed units are delivered and accepted by the customer. In fiscal 2005, this revenue comprised approximately 2% of the Company's net sales.

Computer Systems:

Database Access: Sales are derived from the Company granting access to its proprietary telephone listing databases to telephone companies, inter-exchange carriers and non-telco enterprise customers. The Company uses its own databases and has credit risk for collecting its billings. The Company recognizes revenue on a gross basis in the period in which the customers access the Company's databases. In fiscal 2005, this revenue comprised approximately 5% of the Company's net sales.

IT Maintenance: Sales are derived from the Company providing hardware maintenance services to the general business community, including customers who utilize the Company's systems, on a time and material basis or a contract basis. The Company uses its own employees and inventory in the performance of the services, and has credit risk for collecting its billings. Revenue for these services is recognized on a gross basis in the period in which the services are performed, contingent upon customer acceptance when on a time and material basis, or over the life of the contract, as appropriate. In fiscal 2005, this revenue comprised approximately 2% of the Company's net sales.

Telephone Systems: Sales are derived from the Company providing telephone operator services-related systems and enhancements to existing systems, equipment and software to customers. The Company uses its own employees and has credit risk for collecting its billings. The Company relies upon the principles in AICPA SOP 97-2, "Software Revenue Recognition" and EITF 00-21,

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

Critical Accounting Policies--Continued

"Revenue Arrangements with Multiple Deliverables" to recognize revenue on a gross basis upon customer acceptance of each part of the system based upon its fair value. In fiscal 2005, this revenue comprised approximately 1% of the Company's net sales.

The Company records provisions for estimated losses on contracts when losses become evident. Accumulated unbilled costs on contracts are carried in inventory at the lower of actual cost or estimated realizable value.

Allowance for Uncollectable Accounts - The establishment of an allowance requires the use of judgment and assumptions regarding potential losses on receivable balances. Allowances for doubtful accounts receivable are maintained based upon historical payment patterns, aging of accounts receivable and actual

write-off history. The Company believes that its allowances are adequate; however, changes in the financial condition of customers could have an effect on the allowance balance required, resulting in a related charge or credit to earnings.

Goodwill - Under Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," goodwill is no longer amortized, but is subject to annual impairment testing using fair value methodologies. The impairment test for goodwill is a two-step process. Step one consists of a comparison of the equity value ("fair value") of the reporting unit with its book value ("carrying amount"), including the goodwill allocated to the reporting unit. Measurement of the fair value of a reporting unit is based on one or more fair value measures including present value techniques of estimated future cash flows and estimated amounts at which the unit as a whole could be bought or sold in a current transaction between willing parties. If the carrying amount of the reporting unit exceeds the fair value, step two requires the fair value of the reporting unit to be allocated to the underlying assets and liabilities of that reporting unit, resulting in an implied fair value of goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss equal to the excess is recorded in earnings. The Company performs its impairment testing using comparable multiples of sales and EBITDA and other valuation methods to assist the Company in the determination of the fair value of the reporting units measured.

Long-Lived Assets - Property, plant and equipment is recorded at cost, and depreciation and amortization are provided on the straight-line and accelerated methods at rates calculated to depreciate the cost of the assets over their estimated lives. Intangible assets, other than goodwill, and property, plant and equipment are reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Under SFAS No. 144, these assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Circumstances which could trigger a review include, but are not limited to: significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; the accumulation of costs significantly in excess of the amount originally expected for the acquisition of construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and a current expectation that the asset will more likely than not be sold or disposed of significantly before the end of its estimated useful life. Recoverability is assessed based on the carrying amount of the asset and the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset or asset group. An impairment loss is recognized when the carrying amount is not recoverable and exceeds the fair value of the asset or asset group. The impairment loss is measured as the amount by which the carrying amount exceeds fair value.

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

Critical Accounting Policies--Continued

Capitalized Software - The Company's software technology personnel are involved in the development and acquisition of internal-use software to be used in its Enterprise Resource Planning system and software used in its operating segments, some of which are customer accessible. The Company accounts for the capitalization of software in accordance with AICPA Statement of Position No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Subsequent to the preliminary project planning and approval stage, all appropriate costs are capitalized until the point at which the software is ready for its intended use. Subsequent to the software being used in operations, the capitalized costs are transferred from costs-in-process to completed property, plant and equipment, and are accounted for as such. All post-implementation costs, such as maintenance, training and minor upgrades that do not result in additional functionality, are expensed as incurred.

Securitization Program - The Company accounts for the securitization of accounts receivable in accordance with SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." At the time a

participation interest in the receivables is sold, that interest is removed from the consolidated balance sheet. The outstanding balance of the undivided interest sold to Three Rivers Funding Corporation ("TRFCO"), an asset backed commercial paper conduit sponsored by Mellon Bank, N.A., was \$100 million at October 30, 2005 and \$70 million at October 31, 2004, respectively. Accordingly, the trade receivables included on the October 30, 2005 and October 31, 2004 balance sheets have been reduced to reflect the participation interest sold. TRFCO has no recourse to the Company (beyond its interest in the pool of receivables owned by Volt Funding, a wholly-owned special purpose subsidiary of the Company) for any of the sold receivables.

Primary Casualty Insurance Program - The Company is insured with highly rated insurance companies under a program that provides primary workers' compensation, employer's liability, general liability and automobile liability insurance under a loss sensitive program. In certain mandated states, the Company purchases workers' compensation insurance through participation in state funds and the experience-rated premiums in these state plans relieve the Company of any additional liability. In the loss sensitive program, initial premium accruals are established based upon the underlying exposure, such as the amount and type of labor utilized, number of vehicles, etc. The Company establishes accruals utilizing actuarial methods to estimate the future cash payments that will be made to satisfy the claims, including an allowance for incurred-but-not-reported claims. This process also includes establishing loss development factors, based on the historical claims experience of the Company and the industry, and applying those factors to current claims information to derive an estimate of the Company's ultimate premium liability. In preparing the estimates, the Company considers the nature and severity of the claims, analyses provided by third party actuaries, as well as current legal, economic and regulatory factors. The insurance policies have various premium rating plans that establish the ultimate premium to be paid. Prior to March 31, 2002, the amount of the additional or return premium was finalized. Subsequent thereto, adjustments to premiums will be made based upon the level of claims incurred at a future date up to three years after the end of the respective policy period. For the policy year ended March 31, 2003, a maximum premium was predetermined and paid. For subsequent policy years, management evaluates the accrual, and the underlying assumptions, regularly throughout the year and makes adjustments as needed. The ultimate premium cost may be greater or less than the established accrual. While management believes that the recorded amounts are adequate, there can be no assurance that changes to management's estimates will not occur due to limitations inherent in the estimation process. In the event it is determined that a smaller or larger accrual is appropriate, the Company would record a credit or a charge to cost of services in the period in which such determination is made.

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

Critical Accounting Policies--Continued

Medical Insurance Program - Beginning in April 2004, the Company became self-insured for the majority of its medical benefit programs. The Company remains insured for a portion of its medical program (primarily HMOs) as well as the entire dental program. The Company provides the self-insured medical benefits through an arrangement with a third party administrator. However, the liability for the self-insured benefits is limited by the purchase of stop loss insurance. The contributed and withheld funds and related liabilities for the self-insured program together with unpaid premiums for the insured programs, other than the current provision, are held in a 501(c)(9) employee welfare benefit trust and do not appear on the balance sheet of the Company. In order to establish the self-insurance reserves, the Company utilized actuarial estimates of expected losses based on statistical analyses of historical data. The provision for future payments is initially adjusted by the enrollment levels in the various plans. Periodically, the resulting liabilities are monitored and will be adjusted as warranted by changing circumstances. Should the amount of claims occurring exceed what was estimated or medical costs increase beyond what was expected, accrued liabilities might not be sufficient, and additional expense may be recorded.

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

FISCAL 2005 COMPARED TO FISCAL 2004

EXECUTIVE OVERVIEW

Volt Information Sciences, Inc. ("Volt") is a leading national provider of staffing services and telecommunications and information solutions with a material portion of its revenue coming from Fortune 100 customers. The Company operates in four segments and the management discussion and analysis addresses each. A brief description of these segments and the predominant source of their sales follows:

Staffing Services: This segment is divided into three major functional areas and operates through a network of over 300 branch offices.

- o Staffing Solutions fulfills IT and other technical, commercial and industrial placement requirements of its customers, on both a temporary and permanent basis, together with managed staffing services.
- o E-Procurement Solutions provides global vendor neutral procurement and management solutions for supplemental staffing using web-based tools through the Company's ProcureStaff subsidiary.
- o Information Technology Solutions provides a wide range of information technology consulting and project management services through the Company's VMC Consulting subsidiary.

Telephone Directory: This segment publishes independent telephone directories, provides telephone directory production services, database management and printing.

Telecommunications Services: This segment provides a full spectrum of telecommunications construction, installation, and engineering services in the outside plant and central offices of telecommunications and cable companies as well as for large commercial and governmental entities.

Computer Systems: This segment provides directory and operator systems and services primarily for the telecommunications industry, and provides IT maintenance services.

Several historical seasonal factors usually affect the sales and profits of the Company. The Staffing Services segment's sales are always lowest in the Company's first fiscal quarter due to the Thanksgiving, Christmas and New Year holidays, as well as certain customer facilities closing for one to two weeks. During the third and fourth quarters of the fiscal year, this segment benefits from a reduction of payroll taxes when the annual tax contributions for higher salaried employees have been met, and customers increase the use of the Company's administrative and industrial labor during the summer vacation period. In addition, the Telephone Directory segment's DataNational division publishes more directories during the second half of the fiscal year.

Numerous non-seasonal factors impacted sales and profits in the current fiscal year. In fiscal 2005, the sales of the Staffing Services segment, in addition to the factors noted above, were positively impacted by a continued increase in the use of contingent technical staffing. Operating profits for the year were lower than in fiscal 2004 due to decreased margins and higher overhead costs incurred to enable the continuation of the growth in the Technical Placement division, including the VMC Consulting business.

In fiscal 2005, the operating profit of the Telephone Directory segment was the highest in its history. The increase in operating profit from the prior year was predominantly due to sales increases, and reductions in overhead throughout the segment.

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

FISCAL 2005 COMPARED TO FISCAL 2004--Continued

EXECUTIVE OVERVIEW--Continued

The sales and operating results of the Telecommunications Services segment have improved in fiscal 2005. The decrease in the operating loss was due to the sales increase and decreased overhead costs, partially offset by reduced segment margins for the year. The Company continues to monitor the overhead within the segment in order to partially mitigate the effect of the reduced margins.

As a result of recent losses in its Telecommunications Services segment, in August 2005, the Company restructured the Telecommunications Services segment, which is expected to result in a reduction of future overhead within the segment of approximately \$3.9 million on an annual basis. The restructuring resulted in the segment reducing its overhead headcount, consolidating two business units and closing and consolidating several of its leased locations. The Company incurred a charge for employee severance and lease termination costs approximating \$0.4 million in the fourth quarter.

In 2005, the Computer Systems segment's sales and operating profit were the highest in its history. The sales growth continues to be positively impacted by the increase in the segment's ASP directory assistance outsourcing business, in which there continues to be a substantial increase in transaction revenue, as well as revenue from the business acquired from Nortel Networks.

The Company has, and will continue to focus on aggressively increasing its market share, while attempting to maintain margins and minimize overhead increases in order to increase profits.

The Company continues its effort to streamline its processes to manage the business and protect its assets through the continued deployment of its Six Sigma initiatives, upgrading its financial reporting systems, its compliance with the Sarbanes-Oxley Act, and the standardization and upgrading of IT redundancy and business continuity for corporate systems and communications networks. To the extent possible, the Company has been utilizing, and will continue to utilize, internal resources supplemented with temporary staff and consultants to comply with the Sarbanes-Oxley Act by the end of fiscal year 2005. To-date, outside costs of compliance with this Act, including software licenses, temporary staff, consultants and professional fees amounted to \$3.1 million, and it is anticipated that an additional \$1.8 million, excluding audit fees, will be expended in the first quarter of fiscal 2006, related to compliance for fiscal 2005.

RESULTS OF OPERATIONS

The information that appears below relates to prior periods. The results of operations for those periods are not necessarily indicative of the results which may be expected for any subsequent period. The following discussion should be read in conjunction with the Operating Segment Data in Item 1 of this Report and the Consolidated Financial Statements and Notes thereto which appear in Item 8 of this Report.

RESULTS OF OPERATIONS - SUMMARY

In fiscal 2005, consolidated net sales increased by \$252.8 million, or 13%, to \$2.2 billion, from fiscal 2004. The increase in fiscal 2005 net sales resulted from increases in Staffing Services of \$189.7 million, Computer Systems of \$53.1 million, Telephone Directory of \$10.1 million, and Telecommunications Services of \$3.6 million.

RESULTS OF OPERATIONS - SUMMARY--Continued

The net income for fiscal 2005 was \$17.0 million compared to \$33.7 million in the prior fiscal year. The consolidated results for fiscal 2004 included income from discontinued operations of \$9.5 million (net of taxes of \$4.6 million) from the sale of real estate previously leased to the Company's former 59% owned subsidiary, Autologic International, Inc.

The Company's fiscal 2005 income from continuing operations before income taxes was \$29.3 million compared to \$39.7 million in fiscal 2004. The Company's operating segments reported an operating profit of \$79.4 million in fiscal 2005, an increase of \$4.6 million, or 6%, from the prior year. The change in operating profit was due to the increased operating profits of the Telephone Directory segment of \$4.8 million and the Computer Systems segment of \$5.0 million, the reduced operating loss of the Telecommunications segment of \$0.4 million, partially offset by a reduction in the operating profit of the Staffing Services segment of \$5.5 million.

General corporate expenses increased by \$8.0 million due to costs incurred relating to compliance with the Sarbanes-Oxley Act and to meet the disaster recovery requirements of redundancy and business continuity for corporate systems and communication networks, as well as salary and professional fee increases.

RESULTS OF OPERATIONS - BY SEGMENT

STAFFING SERVICES

<TABLE>
<CAPTION>

	Year Ended					
	October 30, 2005		October 31, 2004		Favorable	Favorable
Staffing Services (Dollars in Millions)	% of Dollars	Net Sales	% of Dollars	Net Sales	(Unfavorable) \$ Change	(Unfavorable) % Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Staffing Sales (Gross)	\$1,765.8		\$1,584.1		\$181.7	11.5%
Managed Service Sales (Gross)	\$1,157.2		\$1,148.1		\$9.1	0.8%
Sales (Net) *	\$1,801.8		\$1,612.1		\$189.7	11.8%
Gross Profit	\$276.3	15.3%	\$256.4	15.9%	\$19.9	7.7%
Overhead	\$245.1	13.6%	\$219.7	13.6%	(\$25.4)	(11.5%)
Operating Profit	\$31.2	1.7%	\$36.7	2.3%	(\$5.5)	(15.0%)

* Sales (Net) only includes the gross margin on managed service sales.

</TABLE>

The sales increase of the Staffing Services segment in the fiscal 2005 from the prior year was due to increased staffing business in both the Technical Placement and the Administrative and Industrial divisions, and the VMC Consulting business of the Technical Placement division.

The decrease in the operating profit of the segment in fiscal 2005 was due to decreased profits in the VMC Consulting operation within the Technical Placement division, increased losses in the Administrative and Industrial division, partially offset by increased operating profits in the other staffing and managed service operations of the Technical Placement division.

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

FISCAL 2005 COMPARED TO FISCAL 2004--Continued

RESULTS OF OPERATIONS - BY SEGMENT--Continued

STAFFING SERVICES--Continued

<TABLE>
<CAPTION>

Technical Placement Division (Dollars in Millions)	Year Ended				Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	October 30, 2005	October 31, 2004	% of Net Sales	% of Net Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales (Gross)	\$2,226.5	\$2,072.4			\$154.1	7.4%
Sales (Net)	\$1,129.1	\$974.9			\$154.2	15.8%
Gross Profit	\$188.8	\$170.3	16.7%	17.5%	\$18.5	10.9%
Overhead	\$152.3	\$130.5	13.5%	13.4%	(\$21.8)	(16.7%)
Operating Profit	\$36.5	\$39.8	3.2%	4.1%	(\$3.3)	(8.4%)

</TABLE>

The Technical Placement division's increase in net sales in fiscal 2005 from the prior year was due to a \$135.0 million, or 16%, sales increase in traditional alternative staffing, a \$12.0 million, or 11%, increase in VMC Consulting project management and consulting sales, and a \$7.3 million, or 28% increase in net managed service associate vendor sales. The decrease in the operating profit was the result of the decrease in gross margin percentage and the increase in overhead as a percentage of net sales, partially offset by the increased sales. The decrease in gross margin percentage was due to higher payroll taxes throughout the division and reduced markups within VMC Consulting. The increase in overhead dollars was principally due to an increase in indirect labor and related payroll costs incurred to sustain the sales growth of the division, including the VMC Consulting business.

<TABLE>
<CAPTION>

Administrative & Industrial Division (Dollars in Millions)	Year Ended				Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	October 30, 2005	October 31, 2004	% of Net Sales	% of Net Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales (Gross)	\$696.5	\$659.7			\$36.8	5.6%
Sales (Net)	\$672.7	\$637.2			\$35.5	5.6%
Gross Profit	\$87.5	\$86.1	13.0%	13.5%	\$1.4	1.6%
Overhead	\$92.8	\$89.2	13.8%	14.0%	(\$3.6)	(4.0%)
Operating Loss	(\$5.3)	(\$3.1)	(0.8%)	(0.5%)	(\$2.2)	(69.9%)

</TABLE>

The Administrative and Industrial division's increase in gross sales in fiscal 2005 resulted from revenue from both new accounts and increased business from

existing accounts. The increased operating loss was a result of the decreased gross margin percentage, partially offset by the increased sales and the decrease in overhead as a percentage of sales. The decrease in gross margin percentage was primarily due to higher payroll taxes and the increase in overhead dollars was due to increases in indirect labor.

Although the markets for the segment's services include a broad range of industries throughout the United States, Europe and Asia, general economic difficulties in specific geographic areas or industrial sectors have in the past and could in the future affect the profitability of the segment. Much of the segment's business is obtained through submission of competitive proposals for staffing services and other contracts which are

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

FISCAL 2005 COMPARED TO FISCAL 2004--Continued

RESULTS OF OPERATIONS - BY SEGMENT--Continued

STAFFING SERVICES--Continued

frequently re-bid after expiration. Many of this segment's long-term contracts contain cancellation provisions under which the customer can cancel the contract, even if the segment is not in default under the contract, and generally do not provide for a minimum amount of work to be awarded to the segment. While the Company has historically secured new contracts and believes it can secure renewals and/or extensions of most of these contracts, some of which are material to this segment, and obtain new business, there can be no assurance that contracts will be renewed or extended, or that additional or replacement contracts will be awarded to the Company on satisfactory terms.

TELEPHONE DIRECTORY

<TABLE>
<CAPTION>

	Year Ended					
	October 30, 2005		October 31, 2004		Favorable	Favorable
Telephone Directory (Dollars in Millions)	% of Dollars	Net Sales	% of Dollars	Net Sales	(Unfavorable) \$ Change	(Unfavorable) % Change
<S> Sales (Net)	<C> \$82.3	<C> \$72.2	<C> \$10.1	<C> 14.0%		
Gross Profit	\$42.5	51.6%	\$39.4	54.6%	\$3.1	7.8%
Overhead	\$27.6	33.5%	\$29.3	40.6%	\$1.7	5.9%
Operating Profit	\$14.9	18.1%	\$10.1	14.0%	\$4.8	47.3%

</TABLE>

The components of the Telephone Directory segment's sales increase for fiscal 2005 from the prior year were increases of \$4.9 million in printing sales in Uruguay, \$3.1 million in publishing sales, \$2.8 million in systems sales, partially offset by a \$0.7 million decrease in other sales. The increase in publishing sales was comprised of a \$2.2 million increase in the sales of the DataNational community telephone directory operation and a \$1.6 million increase in the Uruguayan directory operation due to the timing of the delivery of its directories, partially offset by a \$0.7 million sales reduction related to the elimination of a directory publication sold in fiscal 2004. The decrease in other sales was predominantly due to the sale of the ViewTech division in the third quarter, resulting in a sales reduction in the current year of \$1.3

million. The gain on the sale of the division was \$0.1 million in fiscal 2005. The DataNational and Uruguayan variances in sales were due to the changes in the number of directories printed and delivered. The increase in the segment's operating profit from fiscal 2004 was the result of the sales increase and the decrease in overhead, primarily due to \$1.0 million of expenses incurred in fiscal 2004 in connection with an investigation in Uruguay, partially offset by lower margins recognized on the Uruguayan telephone directories published in the period.

Other than the DataNational division, which accounted for 65% of the segment's fiscal 2005 sales, the segment's business is obtained through submission of competitive proposals for production and other contracts. These short and long-term contracts are re-bid after expiration. Many of this segment's long-term contracts contain cancellation provisions under which the customer can cancel the contract, even if the segment is not in default under the contract and generally do not provide for a minimum amount of work to be awarded to the segment. While the Company has historically secured new contracts and believes it can secure renewals and/or extensions of most of these contracts, some of which are material to this segment, and obtain new business,

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

FISCAL 2005 COMPARED TO FISCAL 2004--Continued

RESULTS OF OPERATIONS - BY SEGMENT--Continued

TELEPHONE DIRECTORY--Continued

there can be no assurance that contracts will be renewed or extended, or that additional or replacement contracts will be awarded to the Company on satisfactory terms. In addition, this segment's sales and profitability are highly dependent on advertising revenue for DataNational's directories, which could be affected by general economic conditions.

TELECOMMUNICATIONS SERVICES

<TABLE>
<CAPTION>

	Year Ended					
	October 30, 2005		October 31, 2004		Favorable	Favorable
Telecommunications (Dollars in Millions)	% of Dollars	Net Sales	% of Dollars	Net Sales	(Unfavorable) \$ Change	(Unfavorable) % Change
<S> Sales (Net)	<C> \$139.0	<C> \$135.4	<C> \$135.4	<C> \$135.4	<C> \$3.6	<C> 2.7%
Gross Profit	\$25.0	18.0%	\$31.0	22.9%	(\$6.0)	(19.4%)
Overhead	\$27.4	19.7%	\$33.8	25.0%	\$6.4	19.0%
Operating Loss	(\$2.4)	(1.7%)	(\$2.8)	(2.1%)	\$0.4	14.4%

</TABLE>

The Telecommunications Services segment's sales increase of \$3.6 million, or 3%, in fiscal 2005 from the prior year was due a to \$24.5 million, or 40%, increase in sales for the Construction and Engineering division, partially offset by a sales reduction in the other divisions within the segment of \$20.9 million, or 28%. The decrease in the operating loss was due to the sales increase, a decrease in overhead (which in fiscal 2004 included a previously reported \$1.3 million charge related to a domestic consulting contract for services), partially offset by a gross margin decrease. The sales increase in the

Construction and Engineering division in fiscal 2005 resulted from customer acceptance of several large construction jobs accounted for using the completed-contract method. Despite an emphasis on cost controls, the results of the segment continue to be affected by the decline in capital spending by telephone companies caused by the depressed conditions within the segment's telecommunications industry customer base. This factor has also increased competition for available work, pressuring pricing and gross margins throughout the segment. Actions by major long-distance telephone companies to reduce marketing of local residential service have negatively impacted sales and continue to impact margins of the segment.

As a result of recent losses in its Telecommunications Services segment, in August 2005, the Company restructured the Telecommunications Services segment which is expected to result in a reduction of future overhead within the segment of approximately \$3.9 million on an annual basis. The restructuring resulted in the segment reducing its overhead headcount, consolidating two divisions and closing and consolidating several of its leased locations. In accordance with SFAS No. 146, "Accounting for Costs Associated with Exit or Disposal Activities", the Company incurred a charge for employee severance and lease termination costs of \$0.4 million in the fourth quarter of fiscal 2005, which is when the liabilities were incurred. It is not expected that substantial adjustments to the fourth quarter charge will occur subsequent to fiscal year-end.

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

FISCAL 2005 COMPARED TO FISCAL 2004--Continued

RESULTS OF OPERATIONS - BY SEGMENT--Continued

TELECOMMUNICATIONS SERVICES--Continued

A substantial portion of the business in this segment is obtained through the submission of competitive proposals for contracts, which typically expire within one to three years and are re-bid. Many of this segment's long-term contracts contain cancellation provisions under which the customer can cancel the contract, even if the segment is not in default under the contract and generally do not provide for a minimum amount of work to be awarded to the segment. While the Company believes it can secure renewals and/or extensions of most of these contracts, some of which are material to this segment, and obtain new business, there can be no assurances that contracts will be renewed or extended or that additional or replacement contracts will be awarded to the Company on satisfactory terms.

COMPUTER SYSTEMS

<TABLE>
<CAPTION>

	Year Ended					
	October 30, 2005		October 31, 2004		Favorable	Favorable
Computer Systems (Dollars in Millions)	% of Dollars	Net Sales	% of Dollars	Net Sales	(Unfavorable) \$ Change	(Unfavorable) % Change
<S> Sales (Net)	<C> \$173.1	<C> \$120.0	<C> \$120.0	<C> \$53.1	<C> \$53.1	<C> 44.3%
Gross Profit	\$91.8	53.0%	\$72.1	60.1%	\$19.7	27.4%
Overhead	\$56.0	32.4%	\$41.2	34.4%	(\$14.8)	(35.6%)
Operating Profit	\$35.8	20.7%	\$30.9	25.7%	\$4.9	16.1%

</TABLE>

The Computer Systems segment's sales increase in fiscal 2005 over the prior year was due to improvements in the segment's operator services business, including ASP directory assistance, which reflected a \$31.8 million, or 48%, growth in sales during the period, a sales increase of \$2.9 million, or 36%, in DataServ's data services which are provided to non-telco enterprise customers, a \$5.5 million, or 14%, sales growth in the Maintech division's IT maintenance services, and a \$12.9 million, or 239%, increase in product revenue recognized. The sales for the year included \$31.1 million of the business acquired from Nortel Networks, which represented 18% of the segment's sales for fiscal 2005, as compared to \$8.1 million of sales included in the prior year, representing 7% of the segment's sales. The prior year results included only the fourth quarter results of operation from the acquired business. The growth in operating profit from fiscal 2004 was the result of the increase in sales and the decrease in overhead as a percentage of sales, partially offset by the decrease in gross margin percentage. The lower gross margin percentage in fiscal 2005, as compared to fiscal 2004 was partially due to the favorable settlement of vendor disputes and refunds in fiscal 2004 approximating \$1.2 million, lower margins recognized in fiscal 2005 related to product revenue recognition, and the increase in the Nortel-related business in fiscal 2005, the margins of which are lower than the segment average.

Volt Delta, the entity which operates the Computer Systems segment, acquired certain assets and liabilities of Nortel Networks on August 2, 2004 in exchange for a 24% equity interest in the segment (which was acquired on December 29, 2005). This acquisition permits Volt Delta to provide the combined customer base with new solutions and an expanded suite of products, content and enhanced services.

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

FISCAL 2005 COMPARED TO FISCAL 2004--Continued

RESULTS OF OPERATIONS - BY SEGMENT--Continued

COMPUTER SYSTEMS--Continued

This segment's results are highly dependent on the volume of calls to the segment's customers that are processed by the segment under existing contracts with telephone companies, the segment's ability to continue to secure comprehensive telephone listings from others, its ability to obtain additional customers for these services and its continued ability to sell products and services to new and existing customers.

RESULTS OF OPERATIONS - OTHER

<TABLE>
<CAPTION>

	Year Ended					
	October 30, 2005		October 31, 2004		Favorable	Favorable
Other (Dollars in Millions)	% of Net Dollars	Sales	% of Net Dollars	Sales	(Unfavorable) \$ Change	(Unfavorable) % Change
<S> Selling & Administrative	<C> \$92.9	<C> 4.3%	<C> \$83.1	<C> 4.3%	<C> (\$9.8)	<C> (11.8%)
Depreciation & Amortization	\$29.6	1.4%	\$25.5	1.3%	(\$4.1)	(15.9%)
Interest Income	\$2.6	0.1%	\$0.9	-	\$1.7	185.7%
Other Expense	(\$4.9)	0.2%	(\$4.4)	0.2%	(\$0.5)	(11.0%)

Gain on Sale of Real Estate	-	-	\$3.3	0.2%	(\$3.3)	(100.0%)
Foreign Exchange (Loss) Gain	(\$0.3)	-	\$0.1	-	(\$0.4)	(362.9%)
Interest Expense	(\$1.8)	0.1%	(\$1.8)	0.1%	-	-

</TABLE>

Other items, discussed on a consolidated basis, affecting the results of operations for the fiscal years were:

The increase in selling and administrative expenses in fiscal 2005 from the prior year was a result of increased corporate general and administrative expenses related to compliance with the Sarbanes-Oxley Act. In addition, the Company incurred increased salaries, professional fees and costs to meet the disaster recovery requirements of redundancy and business continuity for corporate systems and communications networks.

The increase in depreciation and amortization for fiscal 2005 from the prior year was attributable to increases in fixed assets, primarily in the Computer Systems and Staffing Services segments, and the increased amortization of intangible assets in the Computer Systems segment.

Interest income increased due to higher interest rates together with additional funds available for investment.

Other expense in both fiscal years is primarily the charges related to the Company's Securitization Program as well as business taxes and sundry expenses.

The Company's effective tax rate on its financial reporting pre-tax income from continuing operations was 33.7% in fiscal 2005 compared to 36.8% in fiscal 2004. The reduced effective tax rate in fiscal 2005 was due to federal and state income taxes attributable to the minority interest treated as a partnership interest, higher general business credits, and lower taxes on foreign earnings, partially offset by higher non-tax deductible items.

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

FISCAL YEAR 2004 COMPARED TO FISCAL YEAR 2003

RESULTS OF OPERATIONS - SUMMARY

In fiscal 2004, consolidated net sales increased by \$315.3 million, or 19.6%, to \$1.9 billion, from fiscal 2003. The primary increase in fiscal 2004 net sales resulted from increases in Staffing Services of \$266.7 million, Computer Systems of \$26.4 million, Telecommunications Services of \$22.6 million, and Telephone Directory of \$2.4 million.

The net income for fiscal 2004 was \$33.7 million compared to \$4.2 million in the prior fiscal year. The consolidated results for fiscal 2004 included income from discontinued operations of \$9.5 million (net of taxes of \$4.6 million) from the sale of real estate previously leased to the Company's former 59% owned subsidiary, Autologic International, Inc.

The Company's fiscal 2004 income from continuing operations before income taxes was \$39.7 million compared to \$7.1 million in fiscal 2003. The Company's operating segments reported an operating profit of \$74.8 million in fiscal 2004, an increase of \$36.3 million, or 94%, from the prior year. Contributing to the \$36.3 million increase were increases in the operating profit of the Computer Systems segment of \$16.2 million, the Staffing Services segment of \$15.6 million, the Telephone Directory segment of \$3.4 million, and a reduction in the operating loss of the Telecommunications Services segment of \$1.1 million.

General corporate expenses increased by \$3.1 million due to costs incurred to meet the disaster recovery requirements of redundancy and business continuity for corporate systems and communication networks, as well as salary and professional fee increases. In addition, the Company incurred costs related to

compliance with the Sarbanes-Oxley Act.

RESULTS OF OPERATIONS - BY SEGMENT

STAFFING SERVICES

<TABLE>
<CAPTION>

Staffing Services (Dollars in Millions)	Year Ended					
	October 31, 2004		November 2, 2003		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	% of Dollars	Net Sales	% of Dollars	Net Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Staffing Sales (Gross)	\$1,584.0		\$1,269.2		\$314.8	24.8%
Managed Service Sales (Gross)	\$1,148.1		\$1,043.6		\$104.5	10.0%
Sales (Net) *	\$1,612.1		\$1,345.4		\$266.7	19.8%
Gross Profit	\$256.4	15.9%	\$212.4	15.8%	\$44.0	20.8%
Overhead	\$219.7	13.6%	\$191.3	14.2%	(\$28.4)	(14.9%)
Operating Profit	\$36.7	2.3%	\$21.1	1.6%	\$15.6	74.3%

* Sales (Net) only includes the gross margin on managed service sales.

</TABLE>

The sales increase of the Staffing Services segment in fiscal 2004 from fiscal 2003 was due to increased staffing business in both the Technical Placement and the Administrative and Industrial divisions, and the VMC Consulting business of the Technical Placement division.

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

FISCAL YEAR 2004 COMPARED TO FISCAL YEAR 2003--Continued

RESULTS OF OPERATIONS - BY SEGMENT--Continued

STAFFING SERVICES--Continued

The increase in operating profit in the segment was derived from the staffing and managed service operations of the Technical Placement division, including VMC Consulting, together with reduced losses of the Administrative and Industrial division.

<TABLE>
<CAPTION>

Technical Placement Division (Dollars in Millions)	Year Ended					
	October 31, 2004		November 2, 2003		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	% of Dollars	Net Sales	% of Dollars	Net Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales (Gross)	\$2,072.4		\$1,791.8		\$280.6	15.7%
Sales (Net)	\$974.9		\$834.5		\$140.4	16.8%

Gross Profit	\$170.3	17.5%	\$143.1	17.1%	\$27.2	19.1%
Overhead	\$130.5	13.4%	\$114.2	13.7%	(\$16.3)	(14.3%)
Operating Profit	\$39.8	4.1%	\$28.9	3.5%	\$10.9	37.8%

</TABLE>

The Technical Placement division's increase in gross sales in fiscal 2004 from fiscal 2003 was due to a 21% sales increase with traditional staffing customers, a 16% increase in ProcureStaff volume due to new accounts and increased business from existing accounts, and a 44% increase in higher margin VMC Consulting project management and consulting sales. However, substantially all of the ProcureStaff billings are deducted in arriving at net sales due to the use of associate vendors who have contractually agreed to be paid only upon receipt of the customers' payment to the Company. The increase in net sales was due to the increase in gross sales. The increase in operating profit for the year was the result of the increase in sales, the increase in gross margin and the decrease in overhead costs as a percentage of sales. Partially offsetting the increases in fiscal 2004 was \$1.2 million in accruals for potential losses and employee separation charges for Volt Europe.

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

FISCAL YEAR 2004 COMPARED TO FISCAL YEAR 2003--Continued

RESULTS OF OPERATIONS - BY SEGMENT--Continued

STAFFING SERVICES--Continued

<TABLE>

<CAPTION>

	Year Ended					
	October 31, 2004		November 2, 2003		Favorable	Favorable
Administrative & Industrial Division (Dollars in Millions)	Dollars	% of Net Sales	Dollars	% of Net Sales	(Unfavorable) \$ Change	(Unfavorable) % Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales (Gross)	\$659.7		\$521.0		\$138.7	26.6%
Sales (Net)	\$637.2		\$510.9		\$126.3	24.7%
Gross Profit	\$86.1	13.5%	\$69.3	13.6%	\$16.8	24.3%
Overhead	\$89.2	14.0%	\$77.1	15.1%	(\$12.1)	(15.7%)
Operating Loss	(\$3.1)	(0.5%)	(\$7.8)	(1.5%)	\$4.7	60.0%

</TABLE>

The Administrative and Industrial division's increase in gross sales in fiscal 2004 resulted from both revenue from new accounts and increased business from existing accounts. The decrease in operating loss was the result of the sales increase, a 1.1 percentage point decrease in overhead costs as related to net sales, partially offset by a decrease in gross margin of 0.1 percentage points due to higher payroll taxes, increased competition and customers leveraging their buying power by consolidating the number of vendors with whom they deal.

TELEPHONE DIRECTORY

<TABLE>
<CAPTION>

Telephone Directory (Dollars in Millions)	Year Ended					
	October 31, 2004		November 2, 2003			
	% of Dollars	Net Sales	% of Dollars	Favorable Net Sales	Favorable (Unfavorable) \$ Change	(Unfavorable) % Change
<S>	<C>	<C>	<C>	<C>	<C>	
Sales (Net)	\$72.2	\$69.8	\$69.8	\$2.4	3.4%	
Gross Profit	\$39.4	54.6%	\$35.0	50.1%	\$4.4	12.7%
Overhead	\$29.3	40.6%	\$28.3	40.4%	(\$1.0)	(3.9%)
Operating Profit	\$10.1	14.0%	\$6.7	9.7%	\$3.4	49.9%

</TABLE>

The Telephone Directory segment's sales increase for fiscal 2004 was due to an increase of \$10.2 million, or 22%, in publishing sales, partially offset by a decrease of \$7.8 million, or 32% in production, printing and other operations. The publishing increase was due to the community telephone directory operation of DataNational, whose sales increased by \$10.8 million, or 26%, from the prior year due to an increase in advertising sold for the year and an increase in the number of directories printed and delivered. The most significant cause of the revenue decrease in the production, printing and other operations was the \$3.2 million in production revenue related to the previously reported loss of a contract with a telecommunications company in the third quarter of

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

FISCAL YEAR 2004 COMPARED TO FISCAL YEAR 2003--Continued

RESULTS OF OPERATIONS - BY SEGMENT--Continued

TELEPHONE DIRECTORY--Continued

fiscal 2003, and a \$1.8 million decrease in printing revenue in Uruguay. The segment's improvement in operating results was the result of the sales increase, the increase in gross margin, primarily due to the mix of directories published by DataNational in the period, partially offset by the increase in overhead as a percentage of sales. The Company has incurred \$1.0 million of expenses in connection with an investigation of a failure to comply with certain Company policies at its operations in Uruguay, and possible litigation against certain former management personnel at such operations. The operations in Uruguay are not significant to the Company.

TELECOMMUNICATIONS SERVICES

<TABLE>
<CAPTION>

Telecommunications (Dollars in Millions)	Year Ended					
	October 31, 2004		November 2, 2003			
	% of Dollars	Net Sales	% of Dollars	Favorable Net Sales	Favorable (Unfavorable) \$ Change	(Unfavorable) % Change
<S>	<C>	<C>	<C>	<C>	<C>	
Sales (Net)	\$135.4	\$112.8	\$112.8	\$22.6	20.0%	

Gross Profit	\$31.0	22.9%	\$31.0	27.5%	-	0.1%
Overhead	\$33.8	25.0%	\$35.0	31.0%	\$1.2	3.2%
Operating Loss	(\$2.8)	(2.1%)	(\$4.0)	(3.5%)	\$1.2	28.8%

</TABLE>

The Telecommunications Services segment's sales increase in fiscal 2004 was due to increased business in the Business Systems and Construction and Engineering divisions, partially offset by a decrease in the Central Office division. The decrease in operating loss was due to the sales increase, the decrease in overhead as a percentage of sales of (including a previously reported \$1.3 million charge in the first quarter related to a domestic consulting contract for services), partially offset by the decrease in gross margin. Despite an emphasis on cost controls, the results of the segment continue to be affected by the decline in capital spending by telephone companies caused by the depressed conditions within the segment's telecommunications industry customer base. This factor has also increased competition for available work, pressuring pricing and gross margins throughout the segment. The division most affected by reduced sales and margins was Central Office, whose sales and margins decreased by 47% and 16.8 percentage points, respectively. Sales in the Construction and Engineering division of the segment, increased by 12% over the prior year while margins decreased by 1.0 percentage point. The increase in sales was attributable to the completion of several long-term contracts. Sales in the Business Systems division increased by 78% due to revenue increases from two large customers, while margins decreased by 5.8 percentage points. Actions by major long-distance telephone companies regarding local residential service could negatively impact sales and continue to impact margins of the Business Systems division.

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

FISCAL YEAR 2004 COMPARED TO FISCAL YEAR 2003--Continued

RESULTS OF OPERATIONS - BY SEGMENT--Continued

COMPUTER SYSTEMS

<TABLE>

<CAPTION>

Computer Systems (Dollars in Millions)	Year Ended					
	October 31, 2004		November 2, 2003		Favorable Net Sales	Favorable (Unfavorable) \$ Change % Change
	% of Dollars	Net Sales	% of Dollars	Net Sales		
<S> Sales (Net)	<C> \$120.0	<C> \$93.6	<C> \$26.4	<C> 28.2%		
Gross Profit	\$72.1	60.1%	\$47.8	51.0%	\$24.3	50.8%
Overhead	\$41.2	34.4%	\$33.1	35.4%	(\$8.1)	(24.5%)
Operating Profit	\$30.9	25.7%	\$14.7	15.7%	\$16.2	110.1%

</TABLE>

The Computer Systems segment's sales increase in fiscal 2004 was primarily due to improvements in the segment's operator services business, including ASP directory assistance, which reflected a 47% growth in sales during the year, a sales increase of 125% in DataServ's directory assistance services which are provided to non-telco enterprise customers, a 13% sales growth in the Maintech

division's IT maintenance services, partially offset by a decrease in product revenue recognized of 64%. The sales increase for the year also included \$8.1 million of business acquired from Nortel Networks, which represented 7% of the segment's sales for the year. The 2004 year results included only the fourth quarter results of operations from the acquired business. The growth in operating profit from the prior fiscal year was the result of the increase in sales and gross margins, partially due to \$1.2 million for the settlement of a vendor dispute and vendor refunds related to prior periods, together with the overhead decrease as a percentage of sales. Volt Delta, the principal business unit of the Computer Systems segment, acquired certain assets and liabilities of the DOS Business of Nortel Networks on August 2, 2004. This acquisition permits Volt Delta to provide the newly combined customer base with new solutions and an expanded suite of products, content and enhanced services. At October 31, 2004, the Company owned 76% of Volt Delta, the entity which operates the Computer Systems segment.

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

FISCAL YEAR 2004 COMPARED TO FISCAL YEAR 2003--Continued

RESULTS OF OPERATIONS - OTHER

<TABLE>
<CAPTION>

	Year Ended							
	October 31, 2004		November 2, 2003		Favorable (Unfavorable)		Favorable (Unfavorable)	
Other (Dollars in Millions)	% of Net Dollars	Sales	% of Net Dollars	Sales	\$ Change	% Change		
<S>	<C>	<C>	<C>	<C>	<C>	<C>		
Selling & Administrative	\$83.1	4.3%	\$71.7	4.4%	(\$11.4)	(15.9%)		
Depreciation & Amortization	\$25.5	1.3%	\$24.3	1.5%	(\$1.2)	(5.0%)		
Interest Income	\$0.9	-	\$0.7	-	\$0.2	30.9%		
Other Expense	(\$4.4)	0.2%	(\$2.7)	0.2%	(\$1.7)	(65.3%)		
Gain on Sale of Real Estate	\$3.3	0.2%	-	-	\$3.3	100.0%		
Foreign Exchange Gain	\$0.1	-	\$0.3	-	(\$0.2)	(67.6%)		
Interest Expense	(\$1.8)	0.1%	(\$2.1)	0.1%	\$0.3	12.2%		

</TABLE>

Other items, discussed on a consolidated basis, affecting the results of operations for the fiscal years were:

The increase in selling and administrative expenses in fiscal 2004 from the prior year was a result of increased corporate general and administrative expenses related to costs to meet the disaster recovery requirements of redundancy and business continuity for corporate systems and communications networks, in addition to increased selling expenses to support the increased sales levels throughout the Company.

The increase in depreciation and amortization for fiscal 2004 from the prior year was attributable to an increase in fixed assets, primarily in the Computer Systems and Staffing Services segments.

Other expense in both fiscal years is primarily the charges related to the Company's Securitization Program as well as sundry expenses.

The gain on sale of real estate is from the sale of land and a building in

Anaheim, California for cash. The property was no longer being used by the Company.

The decrease in interest expense in fiscal 2004 from the prior year was the result of lower borrowing levels and interest rates in Uruguay.

The Company's effective tax rate on its financial reporting pre-tax income from continuing operations was 36.8% in fiscal 2004 compared to an effective tax rate of 40.9% in fiscal 2003. In fiscal 2004, the effective tax rate was lower due to federal and state income taxes attributable to the minority interest treated as a partnership interest, lower foreign losses for which no tax benefit was provided and lower non-tax deductible items.

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

LIQUIDITY AND CAPITAL RESOURCES

Cash and cash equivalents, including restricted cash held in escrow for ProcureStaff customers of \$26.1 million, \$43.7 million and \$18.9 million at October 30, 2005, October 31, 2004 and November 2, 2003, respectively, increased by \$0.1 million to \$88.1 million in fiscal 2005, increased by \$26.0 million to \$88.0 million in fiscal 2004 and increased by \$18.5 million to \$62.1 million in fiscal 2003. Unrestricted cash and cash equivalents increased by \$17.7 million to \$62.0 million in fiscal 2005, increased by \$1.1 million to \$44.3 million in fiscal 2004 and increased by \$11.1 million to \$43.2 million in fiscal 2003.

The cash provided by operating activities of continuing operations in fiscal 2005 was \$27.5 million compared to \$31.2 million and \$36.2 million in fiscal years 2004 and 2003, respectively.

The cash provided by operating activities in fiscal 2005, exclusive of changes in operating assets and liabilities, was \$54.5 million, as the Company's net income of \$17.0 million included non-cash charges primarily for depreciation and amortization of \$29.6 million, accounts receivable provisions of \$3.8 million and income attributable to the minority interest of \$7.0 million, partially offset by a deferred income tax benefit of \$3.0 million. The cash provided by operating activities in fiscal 2004, exclusive of changes in operating assets and liabilities, was \$52.2 million, as the Company's net income of \$33.7 million included non-cash charges primarily for depreciation and amortization of \$25.5 million, accounts receivable provisions of \$7.8 million and income attributable to the minority interest of \$2.4 million, partially offset by income from discontinued operations of \$9.5 million, a gain from dispositions of property, plant and equipment of \$3.4 million and a deferred income tax benefit of \$4.2 million. In fiscal 2003, operating activities, exclusive of changes in operating assets and liabilities, produced \$35.0 million of cash, as the Company's net income of \$4.2 million included non-cash charges primarily for depreciation and amortization of \$24.3 million and accounts receivable provisions of \$6.2 million.

Changes in operating assets and liabilities in fiscal 2005 used \$27.0 million of cash, net, principally due to increases in the level of accounts receivable of \$24.1 million, prepaid expenses and other assets of \$5.1 million and inventories of \$1.1 million, decreases in the level of accounts payable of \$19.1 million, deferred income and other liabilities of \$5.2 million and income tax liability of \$2.5 million, partially offset by proceeds from the Securitization Program of \$30.0 million. In fiscal 2004, changes in operating assets and liabilities used \$21.0 million of cash, net, principally due to an increase in the level of accounts receivable of \$101.7 million, partially offset by increases in accounts payable of \$37.1 million, accrued expenses of \$24.7 million and deferred income and other liabilities of \$6.1 million, and decreases in the level of inventories of \$6.7 million, recoverable income taxes of \$2.8 million and prepaid expenses and other assets of \$2.6 million. In fiscal 2003, changes in operating assets and liabilities produced \$1.2 million of cash, net, principally due to cash provided by increases in accrued expenses of \$14.6 million, proceeds from the Securitization Program of \$10.0 million, increases in deferred income and other liabilities of \$8.9 million, and an increase in income taxes of \$3.6 million, partially offset by an increase in the level of accounts receivable of \$28.6 million and inventory of \$7.2 million.

Cash used in investing activities in fiscal 2005 was \$26.4 million, principally due to purchases of property, plant and equipment totaling \$28.5 million, partially offset by proceeds from the sale of other assets of \$1.9 million. In fiscal 2004, the cash used in investing activities was \$10.1 million, principally due to purchases of property, plant and equipment totaling \$30.7 million and acquisitions of businesses of \$1.9 million, partially offset by proceeds from the sale of real estate and other assets of \$22.4 million. In fiscal 2003, the cash used in investing activities was \$17.4 million, principally due to purchases of property, plant and equipment totaling \$18.0 million.

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

LIQUIDITY AND CAPITAL RESOURCES--Continued

The cash used in financing activities in fiscal 2005 of \$0.6 million, primarily resulted from a \$1.4 million decrease in bank loans, partially offset by \$1.2 million from employee exercises of stock options. In 2004, the cash provided by financing activities of \$4.6 million, primarily resulted from a \$3.6 million increase in bank loans and \$1.4 million from employee exercises of stock options. In 2003, the cash provided by financing activities of \$0.1 million resulted primarily from a \$1.5 million increase in bank loans, offset by payments of long-term debt totaling \$1.5 million.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet financing arrangements as that term is used in Item 303(a)4 of Regulation S-K.

Commitments

The Company has no material capital commitments. The following table summarizes the Company's contractual cash obligations and other commercial commitments at October 30, 2005:

Contractual Cash Obligations

<TABLE>
<CAPTION>

	Payments Due By Period					Total
	Less than 1 year	1- 3 years	3 - 5 years	After 5 years		
	(In thousands)					
Term Loan	\$13,730	\$ 433	\$1,535	\$1,253	\$10,509	
Payable to Nortel Networks	1,971	1,971	-	-	-	
Notes Payable to Banks	6,622	6,622	-	-	-	
Total Debt (a)	22,323	9,026	1,535	1,253	10,509	
Accrued Insurance (b)	11,138	9,508	1,630			
Deferred Compensation (c)	4,936	4,936				
Operating Leases (d)	48,812	19,378	22,358	6,662	414	
Total Contractual Cash Obligations (e)	\$87,209	\$42,848	\$25,523	\$7,915	\$10,923	

</TABLE>

- (a) Debt does not include interest.
- (b) Includes \$5.9 million for the Company's Primary Insurance Casualty Program and \$5.2 million for the Company's Medical Insurance Program. See Note A of Notes to Consolidated Financial Statements.

- (c) Includes \$4.2 million for the Company's non-qualified deferred compensation and supplemental savings plan and \$0.7 million for the Company's other deferred compensation plan. See Note M to Consolidated Financial Statements.
- (d) See Note O of Notes to Consolidated Financial Statements.
- (e) Amounts do not include amounts payable to Nortel Networks and varetis AG for acquisitions made in December 2005

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

Commitments--Continued

Other Contingent Commitments

<TABLE>
<CAPTION>

	Amount Expected by Commitment Expiration Period		
	Total	Less than 1 year	1-3 years
	(In thousands)		
Lines of Credit, available	\$7,122	\$7,122	-
Revolving Credit Facility, available	37,587	-	\$37,587
Securitization Program, available	50,000	-	50,000
Payable to Nortel Networks	61,750	61,750	-
Standby Letters of Credit, outstanding	744	744	-
Total Commercial Commitments	\$157,203	\$69,616	\$87,587

</TABLE>

Securitization Program

In April 2005, the Company amended its \$150.0 million accounts receivable securitization program ("Securitization Program") to provide that the expiration date be extended from April 2006 to April 2007. Under the Securitization Program, receivables related to the United States operations of the staffing solutions business of the Company and its subsidiaries are sold from time-to-time by the Company to Volt Funding Corp., a wholly-owned special purpose subsidiary of the Company ("Volt Funding"). Volt Funding, in turn, sells to Three Rivers Funding Corporation ("TRFCO"), an asset backed commercial paper conduit sponsored by Mellon Bank, N.A., an undivided percentage ownership interest in the pool of receivables Volt Funding acquires from the Company (subject to a maximum purchase by TRFCO in the aggregate of \$150.0 million). The Company retains the servicing responsibility for the accounts receivable. At October 30, 2005, TRFCO had purchased from Volt Funding a participation interest of \$100.0 million out of a pool of approximately \$283.3 million of receivables.

The Securitization Program is not an off-balance sheet arrangement as Volt Funding is a 100%-owned consolidated subsidiary of the Company, with accounts receivable only reduced to reflect the fair value of receivables actually sold. The Company entered into this arrangement as it provided a low-cost alternative to other forms of financing.

The Securitization Program is designed to enable the sale of receivables by the Company to Volt Funding to constitute true sales of those receivables. As a result, the receivables are available to satisfy Volt Funding's own obligations to its own creditors before being available, through the Company's residual equity interest in Volt Funding, to satisfy the Company's creditors (subject also, as described above, to the security interest that the Company granted in the common stock of Volt Funding in favor of the lenders under the Company's

Credit Facility). TRFCO has no recourse to the Company beyond its interest in the pool of receivables owned by Volt Funding.

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

Securitization Program--Continued

In the event of termination of the Securitization Program, new purchases of a participation interest in receivables by TRFCO would cease and collections reflecting TRFCO's interest would revert to it. The Company believes TRFCO's aggregate collection amounts should not exceed the pro rata interests sold. There are no contingent liabilities or commitments associated with the Securitization Program.

The Company accounts for the securitization of accounts receivable in accordance with SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." At the time a participation interest in the receivables is sold, the receivable representing that interest is removed from the consolidated balance sheet (no debt is recorded) and the proceeds from the sale are reflected as cash provided by operating activities. Losses and expenses associated with the transactions, primarily related to discounts incurred by TRFCO on the issuance of its commercial paper, are charged to the consolidated statement of operations.

The Securitization Program is subject to termination at TRFCO's option, under certain circumstances, including, among other things, the default rate, as defined, on receivables exceeding a specified threshold, the rate of collections on receivables failing to meet a specified threshold, the Company failing to maintain a long-term debt rating of "B" or better or the equivalent thereof from a nationally recognized rating organization or a default occurring and continuing on indebtedness for borrowed money of at least \$5.0 million. At October 30, 2005, the Company was in compliance with all requirements of its Securitization Program.

The Company is in the process of finalizing an increase in the Securitization Program to \$200.0 million but there can be no assurance that it will be finalized.

Credit Lines

In April 2005, the Company amended its secured, syndicated, revolving credit agreement ("Credit Agreement") to, among other things, extend the term for three years to April 2008 and increase the line from \$30.0 million to \$40.0 million.

The Credit Agreement established a secured credit facility ("Credit Facility") in favor of the Company and designated subsidiaries, of which up to \$15.0 million may be used for letters of credit. Borrowings by subsidiaries are limited to \$25.0 million in the aggregate. The administrative agent for the Credit Facility is JPMorgan Chase Bank. The other banks participating in the Credit Facility are Mellon Bank, N.A., Wells Fargo Bank, N.A., Lloyds TSB Bank PLC and Bank of America, N.A..

Borrowings under the Credit Facility are to bear interest at various rate options selected by the Company at the time of each borrowing. Certain rate options, together with a facility fee, are based on a leverage ratio, as defined. Additionally, interest and the facility fees can be increased or decreased upon a change in the Company's long-term debt rating provided by a nationally recognized rating agency. As amended, in lieu of the previous borrowing base formulation, the Credit Agreement now requires the maintenance of specified accounts receivable collateral in excess of any outstanding borrowings. Based upon the Company's leverage ratio and debt rating at October 30, 2005, if a three-month U.S. Dollar LIBO rate were the interest rate option selected by the Company, borrowings would have borne interest at the rate of 4.9% per annum. At October 30, 2005, the facility fee was 0.3% per annum.

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

Credit Lines--Continued

The Credit Agreement provides for the maintenance of various financial ratios and covenants, including, among other things, a requirement that the Company maintain a consolidated tangible net worth, as defined; a limitation on cash dividends, capital stock purchases and redemptions by the Company in any one fiscal year to 50% of consolidated net income, as defined, for the prior fiscal year; and a requirement that the Company maintain a ratio of EBIT, as defined, to interest expense, as defined, of 1.25 to 1.0 for the twelve months ending as of the last day of each fiscal quarter. The Credit Agreement also imposes limitations on, among other things, the incurrence of additional indebtedness, the incurrence of additional liens, sales of assets, the level of annual capital expenditures, and the amount of investments, including business acquisitions and investments in joint ventures, and loans that may be made by the Company and its subsidiaries. At October 30, 2005, the Company was in compliance with all covenants in the Credit Agreement.

The Company is liable on all loans made to it and all letters of credit issued at its request, and is jointly and severally liable as to loans made to subsidiary borrowers. However, unless also a guarantor of loans, a subsidiary borrower is not liable with respect to loans made to the Company or letters of credit issued at the request of the Company, or with regard to loans made to any other subsidiary borrower. Under the April 2005 amendment, five subsidiaries of the Company remain as guarantors of all loans made to the Company or to subsidiary borrowers under the Credit Facility. At October 30, 2005, four of those guarantors have pledged approximately \$54.4 million of accounts receivable, other than those in the Securitization Program, as collateral for the guarantee obligations. Under certain circumstances, other subsidiaries of the Company also may be required to become guarantors under the Credit Facility.

At October 30, 2005, the Company had credit lines with domestic and foreign banks which provided for borrowings and letters of credit up to an aggregate of \$51.3 million, including \$40.0 million under the Credit Agreement and the Company had total outstanding foreign currency bank borrowings of \$6.6 million, \$2.4 million of which were under the Credit Agreement. These bank borrowings provide a hedge against devaluation in foreign currency denominated assets.

In December 2005, the Credit Agreement was amended to consent to the consummation of the acquisition by the Company of the twenty-four (24%) percent interest in Volt Delta owned by Nortel Networks and to modify certain of the financial covenants contained in the Credit Agreement and increase the amount of financing permitted under the Securitization Program.

In December 2005, the Company paid approximately \$50.0 million, principally from cash on hand, for the Nortel Networks and Varetis Solutions acquisitions. The remaining \$36.8 million is due February 15, 2006.

Summary

The Company believes that its current financial position, working capital, future cash flows from operations, credit lines and accounts receivable Securitization Program will be sufficient to fund its presently contemplated operations and satisfy its obligations through, at least, the next twelve months.

New Accounting Pronouncements and New Laws to be Effective in Fiscal 2006

In November 2004, the FASB issued SFAS No. 151, "Inventory Costs-an Amendment of ARB No. 43, Chapter 4," which clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs, and spoilage. This Statement requires that these items be recognized as period costs even if the amounts are not considered to be abnormal. The provisions of this Statement are effective for inventory costs incurred in fiscal years beginning after June 15, 2005. The Company does not believe that the adoption of this Statement in fiscal 2006 will have a material impact on the Company's consolidated financial position or results of operations.

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

New Accounting Pronouncements and New Laws to be Effective in Fiscal 2006
--Continued

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets-an Amendment of APB Opinion No. 29," to eliminate the exception for nonmonetary exchanges of similar productive assets and replace it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. The provisions of this Statement are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005, with early application permitted for exchanges beginning after November 2004. The adoption of this Statement has not had a material impact on the Company's consolidated financial position or results of operations.

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment," which replaces the superseded SFAS No. 123, "Accounting for Stock-Based Compensation." This Statement requires that all entities apply a fair-value-based measurement method in accounting for share-based payment transactions with employees and suppliers when the entity acquires goods or services. The provisions of this Statement are required to be adopted by the Company beginning October 31, 2005. The Company is currently assessing the impact that the adoption will have on the Company's consolidated financial position and results of operations. It will require the Company to record an expense for share-based compensation.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections, - a replacement of APB Opinion No. 20 and FASB Statement No. 3". This Statement establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the absence of explicit transition requirements specific to the newly adopted accounting principle. The provisions of this Statement are effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. Early adoption is permitted for accounting changes and corrections of errors made in fiscal years beginning after the date this Statement is issued. The Company does not believe that the adoption of this Statement in fiscal 2006 will have a material impact on the Company's consolidated financial position or results of operations.

The American Jobs Creation Act of 2004 (the "Act") provided for a special one-time tax deduction of 85% of certain foreign earnings that are repatriated. The Company is currently assessing the impact the Act will have on the Company's consolidated financial position and results of operations.

Related Party Transactions

During fiscal 2005, 2004 and 2003, the Company paid or accrued \$0.8 million, \$1.9 million and \$0.5 million, respectively, to the law firms of which Lloyd Frank, a director of the Company, is or was of counsel, for services rendered to the Company and expenses reimbursed. During fiscal 2005, 2004 and 2003, the Company also paid \$5,000, \$13,000 and \$47,700, respectively, to the law firm of which Bruce Goodman, a director of the Company, is a partner, for services rendered to the Company.

The Company renders various payroll and related services to a corporation primarily owned by Steven A. Shaw, an officer and director, for which the Company received approximately \$5,000 in excess of its direct costs in fiscal 2005. Such services are performed on a basis substantially similar to those performed by the Company for and at substantially similar rates as charged by the Company to unaffiliated third parties. In addition, the Company rents approximately 2,600 square feet of office space to that corporation in the Company's El Segundo, California facility (which is located within the Company's facility and shares common areas), which the Company does not require for its own use, on a month-to-month basis at a rental of \$1,750 per month (\$1,500 per month prior to March 1, 2004). Based on the nature of the premises and a report from a real estate broker, the Company believes the rent is a fair and reasonable rate for the space.

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

In 2005, after an investigation conducted by independent counsel appointed by the Audit Committee of the Board of Directors, the Audit Committee concluded that Mr. Thomas Daley, an executive officer of the Company, had, in July, 2005, exercised options and sold the underlying shares of stock of the Company in violation of the Company's Insider Trading Policy. The Audit Committee required Mr. Daley to pay \$31,500, representing the difference between the price at which Mr. Daley sold the stock and the average market price of the Company's stock over the three days following the Company's release of its 3rd quarter results, and pay a further penalty of \$10,000. These moneys have been paid by Mr. Daley to the Company's General Counsel's attorney escrow account. The matter was self-reported on behalf of the Company to the Securities and Exchange Commission, and is under review by that agency. In connection with this matter, the Audit Committee recommended that the Company advance Mr. Daley's legal fees upon his entering into a written agreement to repay such fees if it were ultimately determined that he was not entitled to be indemnified for legal expenses under applicable law. The Company has advanced to date \$95,800 directly to Mr. Daley's attorneys in connection with such matter. The Company has also paid to date legal fees of the independent counsel to the Audit Committee of approximately \$260,000 associated with this matter.

The brother of Daniel Hallihan, an executive officer of the Company, was employed during 2003, 2004 and 2005 in the Company's Computer Systems segment in an inventory control position for a compensation that is less than specified in Item 404 of Regulation S-K. The Company believes that he has been employed on the same terms that the Company would employ a similarly situated unrelated individual.

From time to time the Company has employed, and will continue to employ, relatives of executive officers, as well as relatives of other full time employees, during the summer months and in its Staffing Solutions Group. The Company believes that it has always employed, and will continue to employ, those individuals on the same terms that it employs unrelated individuals.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the potential economic loss that may result from adverse changes in the fair value of financial instruments. The Company's earnings, cash flows and financial position are exposed to market risks relating to fluctuations in interest rates and foreign currency exchange rates. The Company has cash and cash equivalents on which interest income is earned at variable rates. The Company also has credit lines with various domestic and foreign banks, which provide for borrowings and letters of credit, as well as a \$150 million accounts receivable securitization program to provide the Company with additional liquidity to meet its short-term financing needs.

The interest rates on these borrowings and financing are variable and, therefore, interest and other expense and interest income are affected by the general level of U.S. and foreign interest rates. Based upon the current levels of cash invested, notes payable to banks and utilization of the securitization program, on a short-term basis, as noted below in the tables, a hypothetical 100-basis-point (1%) increase or decrease in interest rates would increase or decrease its annual net interest expense and securitization costs by \$185,000, respectively.

The Company has a term loan, as noted in the table below, which consists of borrowings at fixed interest rates, and the Company's interest expense related to these borrowings is not affected by changes in interest rates in the near term. The fair value of the fixed rate term loan was approximately \$14.3 million at October 30, 2005. This fair value was calculated by applying the appropriate fiscal year-end interest rate to the Company's present stream of loan payments.

The Company holds short-term investments in mutual funds for the Company's deferred compensation plan. At October 30, 2005, the total market value of these investments was \$4.2 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.

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 fluctuates against the dollar, which may impact reported earnings. As of October 30, 2005, the total of the Company's net investment in foreign operations was \$1.5

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK--Continued

million. The Company attempts to reduce these risks by utilizing foreign currency option and exchange contracts, as well as borrowing in foreign currencies, to hedge the adverse impact on foreign currency net assets when the dollar strengthens against the related foreign currency. As of October 30, 2005, the total of the Company's foreign exchange contracts was \$2.9 million, leaving a balance of net foreign exposure of \$1.4 million. The amount of risk and the use of foreign exchange instruments described above are not material to the Company's financial position or results of operations and the Company does not use these instruments for trading or other speculative purposes. Based upon the current levels of net foreign assets, a hypothetical weakening of the U.S. dollar against these currencies at October 30, 2005 by 10% would result in a pretax gain of \$0.2 million related to these positions. Similarly, a hypothetical strengthening of the U.S. dollar against these currencies at October 30, 2005 by 10% would result in a pretax gain of \$0.1 million related to these positions.

The tables below provide information about the Company's financial instruments that are sensitive to either interest rates or exchange rates at October 30, 2005. For cash and debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates. For foreign exchange agreements, the table presents the currencies, notional amounts and weighted average exchange rates by contractual maturity dates. The information is presented in U.S. dollar equivalents, which is the Company's reporting currency.

<TABLE>
<CAPTION>

Interest Rate Market Risk	Payments Due By Period as of October 30, 2005				
-----	Total	Less than 1 year	1-3 Years	3-5 Years	After 5 Years
-----	-----	-----	-----	-----	-----
	(Dollars in thousands of US\$)				
Cash and Cash Equivalents					
<S>	<C>	<C>			
Money Market and Cash Accounts		\$88,119	\$88,119		
Weighted Average Interest Rate		3.6%	3.6%		
	-----	-----			
Total Cash and Cash Equivalents		\$88,119	\$88,119		
	=====	=====			
Securitization Program					
Accounts Receivable Securitization		\$100,000	\$100,000		
Finance Rate		3.8%	3.8%		
	-----	-----			
Securitization Program		\$100,000	\$100,000		
	=====	=====			

</TABLE>
<TABLE>
<CAPTION>

Interest Rate Market Risk	Payments Due By Period as of October 30, 2005				
-----	Total	Less than 1 year	1 - 3 Years	3 - 5 Years	After 5 Years
-----	-----	-----	-----	-----	-----
	(Dollars in thousands of US\$)				

Debt

	<C>	<C>	<C>	<C>	<C>
Term Loan (1)	\$13,730	\$ 433	\$1,535	\$1,253	\$10,509
Interest Rate	8.2%	8.2%	8.2%	8.2%	8.2%
Payable to Nortel Networks	1,971	1,971			
Weighted Average Interest Rate	6.0%	6.0%			
Notes Payable to Banks	6,622	6,622			
Weighted Average Interest Rate	4.1%	4.1%	-	-	-
Total Debt	\$22,323	\$9,026	\$1,535	\$1,253	\$10,509

</TABLE>

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QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK--Continued

<TABLE>
<CAPTION>

Foreign Exchange Market Risk

	Contract Values			
	Contractual Exchange Rate	Total	Fair Value Less than 1 Year	Option Premium (1)
Option Contracts				
Canadian \$ to US\$	1.37	\$2,920	\$2,920	\$18

(Dollars in thousands of US \$)

</TABLE>

(1) Represents the cost of the options purchased on October 28, 2005.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ERNST & YOUNG LLP
5 Times Square
New York, New York 10036
212-773-3000

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders of Volt Information Sciences, Inc.

We have audited the accompanying consolidated balance sheets of Volt Information Sciences, Inc. and subsidiaries as of October 30, 2005 and October 31, 2004, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended October 30, 2005. Our audits also included the financial statement schedule listed in the Index at Item 15(a)(2). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan

and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Volt Information Sciences, Inc. and subsidiaries at October 30, 2005 and October 31, 2004, and the consolidated results of their operations and their cash flows for each of the three years in the period ended October 30, 2005, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Volt Information Sciences, Inc. and subsidiaries internal control over financial reporting as of October 30, 2005, based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated January 16, 2006 expressed an unqualified opinion on management's assessment and an adverse opinion on the effectiveness of internal control over financial reporting.

/s/ Ernst & Young LLP

New York, New York
January 16, 2006

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
<TABLE>
<CAPTION>

	October 30, 2005	October 31, 2004		
	-----	-----		
	(Dollars in thousands, except per share data)			
ASSETS				
<S> <C>	<C>	<C>		
CURRENT ASSETS				
Cash and cash equivalents including restricted cash of \$26,131 (2005) and 43,722 (2004)	\$88,119	\$88,031		
Short-term investments	4,213	4,248		
Trade accounts receivable less allowances of \$7,527 (2005) and \$10,210 (2004)			399,677	409,130
Inventories	33,758	32,676		
Deferred income taxes	10,246	9,385		
Prepaid expenses and other assets	19,788	14,847		
	-----	-----		
TOTAL CURRENT ASSETS		555,801	558,317	
Investment in securities	141	100		
Property, plant and equipment-net	83,272	85,038		
Deposits and other assets	1,961	1,439		
Goodwill	32,623	29,144		
Other intangible assets-net of accumulated amortization of \$1,396 (2005) and \$288 (2004)			14,914	15,998
	-----	-----		
TOTAL ASSETS	\$688,712	\$690,036		
	=====	=====		

LIABILITIES AND STOCKHOLDERS' EQUITY
CURRENT LIABILITIES

Notes payable to banks	\$6,622	\$7,955		
Current portion of long-term debt	2,404	399		
Accounts payable	172,788	192,163		
Accrued wages and commissions	55,081	54,200		
Accrued taxes other than income taxes	17,586	17,729		
Accrued insurance and other accruals	35,173	36,036		
Deferred income and other liabilities	30,628	36,909		
Income taxes payable	1,686	4,270		
	-----	-----		
TOTAL CURRENT LIABILITIES		321,968	349,661	
Accrued insurance	1,630	86		
Long-term debt	13,297	15,588		
Deferred income taxes	13,358	11,764		
Commitments and contingencies				
Minority Interest	43,444	36,420		
STOCKHOLDERS' EQUITY				
Preferred stock, par value \$1.00; Authorized--500,000 shares; issued--none				
Common stock, par value \$.10; Authorized--30,000,000 shares; issued and outstanding--15,339,255 shares (2005) and 15,282,625 shares (2004)			1,534	1,528
Paid-in capital	43,694	42,453		
Retained earnings	249,754	232,714		
Accumulated other comprehensive income (loss)		33	(178)	
	-----	-----		
TOTAL STOCKHOLDERS' EQUITY		295,015	276,517	
	-----	-----		
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY			\$688,712	\$690,036
	=====	=====		

See Notes to Consolidated Financial Statements

</TABLE>

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>

<CAPTION>

	Year Ended		
	October 30, 2005	October 31, 2004	November 2, 2003
	-----	-----	-----
	(In thousands, except per share data)		
	<C>	<C>	<C>
NET SALES	\$2,177,619	\$1,924,777	\$1,609,491
COSTS AND EXPENSES:			
Cost of sales	2,014,551	1,772,087	1,502,622
Selling and administrative	92,858	83,124	71,693
Depreciation and amortization	29,603	25,537	24,331
	-----	-----	-----
	2,137,012	1,880,748	1,598,646
	-----	-----	-----
OPERATING PROFIT	40,607	44,029	10,845
OTHER INCOME (EXPENSE):			
Interest income	2,648	927	708
Other expense-net	(4,882)	(4,398)	(2,661)
Gain on sale of real estate	-	3,295	-
Foreign exchange (loss) gain-net	(255)	97	299
Interest expense	(1,825)	(1,817)	(2,070)
	-----	-----	-----
Income from continuing operations before items shown below	36,293	42,133	7,121
Minority interest	(7,024)	(2,420)	-

Income from continuing operations before taxes	29,269	39,713	7,121
Income tax provision	(12,229)	(15,517)	(2,916)
Income from continuing operations	17,040	24,196	4,205
Discontinued operations, net of taxes	-	9,520	-
NET INCOME	\$17,040	\$33,716	\$4,205

Per Share Data

Basic:			
Income from continuing operations	\$1.11	\$1.59	\$0.28
Discontinued operations		0.62	
Net income	\$1.11	\$2.21	\$0.28
Weighted average number of shares-basic	15,320	15,234	15,218
Diluted:			
Income from continuing operations	\$1.11	\$1.58	\$0.28
Discontinued operations		0.62	
Net income	\$1.11	\$2.20	\$0.28
Weighted average number of shares-diluted	15,417	15,354	15,225

</TABLE>

See Notes to Consolidated Financial Statements.

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY AND
COMPREHENSIVE INCOME (LOSS)

<TABLE>
<CAPTION>

	Accumulated Other Comprehensive (Loss) Income							
	Common Stock		Foreign	Unrealized		Gain (Loss) On	Comprehensive	
	Shares	Amount	Retained Earnings	Currency Translation Adjustment	Marketable Securities	Gain (Loss) On	Income (Loss)	
	Par Value	Paid-In Capital	Earnings	Adjustment	Securities	Gain (Loss) On	Income (Loss)	
	Shares	Amount	Earnings	Adjustment	Securities	Gain (Loss) On	Income (Loss)	
Balance at November 3, 2002	15,217,415	\$1,522	\$41,036	\$194,793	(\$490)		\$7	
Stock options exercised - net of a diminutive tax benefit	3,000	55						
Unrealized foreign currency translation adjustment - net of tax benefit of \$8			(18)		(\$18)			
Unrealized gain on marketable securities - net of taxes of \$56					85	85		
Net income for the year			4,205			4,205		
Balance at November 2, 2003	15,220,415	1,522	41,091	198,998	(508)	92	\$4,272	

Stock options exercised - net of a tax benefit of \$214	62,210	6	1,362				
Unrealized foreign currency translation adjustment - net of taxes of \$126				294	\$294		
Unrealized gain on marketable securities - net of tax benefit of \$37				(56)	(56)		
Net income for the year			33,716			33,716	
Balance at October 31, 2004	15,282,625	1,528	42,453	232,714	(214)	36	\$33,954
Stock options exercised - net of a tax benefit of \$199	56,630	6	1,241				
Unrealized foreign currency translation adjustment - net of taxes of \$80				186	\$186		
Unrealized gain on marketable securities - net of taxes of \$16					25	25	
Net income for the year			17,040			17,040	
Balance at October 30, 2005	15,339,255	\$1,534	\$43,694	\$249,754	(\$28)	\$61	\$17,251

</TABLE>

There were no shares of preferred stock issued or outstanding in any of the reported periods.

See Notes to Consolidated Financial Statements.

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Year Ended		
	October 30, 2005	October 31, 2004	November 2, 2003

(In thousands)

CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

	<C>	<C>	<C>	
Net income	\$17,040	\$33,716	\$4,205	
Adjustments to reconcile net income to cash provided by operating activities				
Discontinued operations	-	(9,520)	-	
Depreciation and amortization	29,603	25,537	24,331	
Accounts receivable provisions	3,838	7,784	6,227	
Minority interest	7,024	2,420	-	
Gain on foreign currency translation	(16)	(43)	(10)	
(Gain) loss on dispositions of property, plant and equipment		(9)	(3,432)	151
Deferred income tax (benefit) expense	(2,978)	(4,240)	82	
Changes in operating assets and liabilities, net of assets acquired:				
Accounts receivable	(24,084)	(101,672)	(28,612)	
Proceeds from securitization program		30,000	-	10,000
Inventories	(1,082)	6,662	(7,193)	
Prepaid expenses and other assets	(5,063)	2,553	59	
Deposits and other assets	(520)	667	687	
Accounts payable	(19,110)	37,149	(864)	
Accrued expenses	478	24,748	14,599	
Deferred income and other liabilities	(5,193)	6,119	8,927	
Income taxes	(2,451)	2,754	3,586	
NET CASH PROVIDED BY OPERATING ACTIVITIES			27,477	31,202
				36,175

</TABLE>

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS--Continued

<TABLE>
<CAPTION>

	Year Ended		
	October 30, 2005	October 31, 2004	November 2, 2003
	(In thousands)		
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES			
<S>	<C>	<C>	<C>
Sales of investments	1,119	1,476	870
Purchases of investments	(904)	(1,419)	(833)
Distributions from joint ventures	-	-	49
Acquisitions	-	(1,864)	-
Proceeds from disposals of property, plant and equipment, net			1,885 3,933 469
Purchases of property, plant and equipment		(28,511)	(30,737) (17,990)
Proceeds from sale of real estate (discontinued operations)		-	18,500 -
	-----	-----	-----
NET CASH USED IN INVESTING ACTIVITIES			(26,411) (10,111) (17,435)
	-----	-----	-----
CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES			
Payment of long-term debt		(399)	(340) (1,524)
Exercises of stock options		1,247	1,368 55
Payment of notes payable-bank		(84,750)	(62,683) (30,194)
Proceeds from notes payable-bank		83,346	66,274 31,717
	-----	-----	-----
NET CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES		(556)	4,619 54
	-----	-----	-----
Effect of exchange rate changes on cash		(422)	264 (357)
	-----	-----	-----
NET INCREASE IN CASH AND CASH EQUIVALENTS			88 25,974 18,437
Cash and cash equivalents, including restricted cash, beginning of year			88,031 62,057 43,620
	-----	-----	-----
CASH AND CASH EQUIVALENTS, INCLUDING RESTRICTED CASH, END OF YEAR		\$88,119	\$88,031 \$62,057
	=====	=====	=====

SUPPLEMENTAL INFORMATION

Cash paid during the year:

Interest expense	\$1,868	\$1,616	\$2,131
Income taxes	\$17,694	\$15,934	\$2,360

The Company purchased certain assets and certain specified liabilities in exchange for a 24% interest in Volt Delta. In conjunction with the acquisition, liabilities were assumed as follows:

Fair value of assets acquired	\$46,484
Fair value of 24% interest	34,000

Liabilities assumed	\$12,484
	=====

</TABLE>

See Notes to Consolidated Financial Statements.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A--Summary of Significant Accounting Policies

Business: The Company operates in two major businesses, Staffing Services and Telecommunications and Information Solutions, consisting of four operating segments: Staffing Services; Telephone Directory; Telecommunications Services and Computer Systems.

Fiscal Year: The Company's fiscal year ends on the Sunday nearest October 31. The 2003 through 2005 fiscal years each consisted of 52 weeks.

Consolidation: The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions have been eliminated upon consolidation. The Company accounts for the securitization of accounts receivable in accordance with Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities" (see Note B).

Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Stock-Based Compensation: The Company has elected to follow Accounting Principles Board ("APB") Opinion 25, "Accounting for Stock Issued to Employees," to account for its stock options under which no compensation cost is recognized because the option exercise price is equal to at least the market price of the underlying stock on the date of grant. Had compensation costs for these plans been determined at the grant dates for awards under the alternative accounting method provided for in SFAS No. 148, "Accounting for Stock-Based Compensation-Transition and Disclosure-an amendment of FASB Statement No. 123," net income and earnings per share, on a pro forma basis, would have been:

<TABLE>
 <CAPTION>

	2005	2004	2003	
	----	----	----	
	(In thousands, except per share data)			
	<C>	<C>	<C>	
Net income as reported	\$17,040	\$33,716	\$4,205	
Pro forma compensation expense, net of taxes		(99)	(130)	(67)
Pro forma net income	=====	=====	=====	
	\$16,941	\$33,586	\$4,138	
Basic:				
Net income as reported per share	\$1.11	\$2.21	\$0.28	
Pro forma compensation expense, net of taxes per share		(0.01)	(0.01)	(0.01)
Pro forma net income per share	=====	=====	=====	
	\$1.10	\$2.20	\$0.27	
Diluted:				
Net income as reported per share	\$1.11	\$2.20	\$0.28	
Pro forma compensation expense, net of taxes		(0.01)	(0.01)	(0.01)
Pro forma net income per share	=====	=====	=====	
	\$1.10	\$2.19	\$0.27	

</TABLE>

The fair value of each option grant is estimated using the Multiple Black-Scholes option pricing model, with the following weighted-average assumptions used for grants in fiscal 2004 and 2003, respectively: risk-free interest rates of 4.1% and 2.0%, respectively; expected volatility of .47 and .50, respectively; an expected life of the options of five years; and no dividends. The weighted average fair value of stock options granted during fiscal years 2004 and 2003 was \$14.62 and \$6.59, respectively. There were no options granted during fiscal 2005.

In December 2004, the Financial Accounting Standards Board ("FASB") issued SFAS No. 123R, "Share-Based Payment," which replaces the superseded SFAS No. 123, "Accounting for Stock-Based Compensation." This Statement requires that all entities apply a fair-value-based measurement method in accounting for share-based payment transactions with employees and suppliers when the entity acquires goods or services. The provisions of this Statement are required to be adopted by the Company beginning October 31, 2005. The Company is currently assessing the impact that the adoption will have on the Company's consolidated financial position and results of operations. It will require the Company to record an expense for share-based compensation.

Revenue Recognition: The Company derives its revenues from several sources. The revenue recognition methods, which are consistent with those prescribed in Staff Accounting Bulletin 104 ("SAB 104"), entitled "Revenue Recognition in Financial Statements," are described below in more detail for the significant types of revenue within each of its segments.

Staffing Services:

Staffing: Sales are derived from the Company's Staffing Solutions Group supplying its own temporary personnel to its customers, for which the Company assumes the risk of acceptability of its employees to its customers, and has credit risk for collecting its billings after it has paid its employees. The Company reflects revenues for these services on a gross basis in the period the services are rendered. In fiscal 2005, this revenue comprised approximately 75% of the Company's net sales.

Managed Services: Sales are generated by the Company's E-Procurement Solutions subsidiary, ProcureStaff, and for certain contracts, sales are generated by the Company's Staffing Solutions Group's managed services operations. The Company receives an administrative fee for arranging for, billing for and collecting the billings related to staffing companies ("associate vendors") who have supplied personnel to the Company's customers. The administrative fee is either charged to the customer or subtracted from the Company's payment to the associate vendor. The customer is typically responsible for assessing the work of the associate vendor, and has responsibility for the acceptability of its personnel, and in most instances the customer and associate vendor have agreed that the Company does not pay the associate vendor until the customer pays the Company. Based upon the revenue recognition principles in Emerging Issues Task Force ("EITF") 99-19, "Reporting Revenue Gross as a Principal versus Net as an Agent," revenue for these services, where the customer and the associate vendor have agreed that the Company is not at risk for payment, is recognized net of associated costs in the period the services are rendered. In fiscal 2005, this revenue comprised approximately 2% of the Company's net sales.

Outsourced Projects: Sales are derived from the Company's Information Technology Solutions operation providing outsource services for a customer

in the form of project work, for which the Company is responsible for deliverables. The Company's employees perform the services and the Company has credit risk for collecting its billings. Revenue for these services is recognized on a gross basis in the period the services are rendered when on a time and material basis, and when the Company is responsible for project completion, revenue is recognized when the project is complete and the customer has approved the work. In fiscal 2005, this revenue comprised approximately 5% of the Company's net sales.

Telephone Directory:

Directory Publishing: Sales are derived from the Company's sales of telephone directory advertising for books it publishes as an independent publisher in the United States and Uruguay. The Company's employees perform the services and the Company has credit risk for collecting its billings. Revenue for these services is recognized on a gross basis in the period the books are printed and distributed. In fiscal 2005, this revenue comprised approximately 3% of the Company's net sales.

Ad Production and Other: Sales are generated when the Company performs design, production and printing services, and database management for other publishers' telephone directories. The Company's employees perform the services and the Company has credit risk for collecting its billings. Revenue for these services is recognized on a gross basis in the period the Company has completed its production work and upon customer acceptance. In fiscal 2005, this revenue comprised approximately 1% of the Company's net sales.

Telecommunications Services:

Construction: Sales are derived from the Company supplying aerial and underground construction services. The Company's employees perform the services, and the Company takes title to all inventory and has credit risk for collecting its billings. The Company relies upon the principles in AICPA Statement of Position ("SOP") 81-1, "Accounting for Performance of Construction-Type Contracts," using the completed-contract method, to recognize revenue on a gross basis upon customer acceptance of the project. In fiscal 2005, this revenue comprised approximately 4% of the Company's net sales.

Non-Construction: Sales are derived from the Company performing design, engineering and business systems integrations work. The Company's employees perform the services and the Company has credit risk for collecting its billings. Revenue for these services is recognized on a gross basis in the period in which services are performed, and if applicable, any completed units are delivered and accepted by the customer. In fiscal 2005, this revenue comprised approximately 2% of the Company's net sales.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE A--Summary of Significant Accounting Policies--Continued

Revenue Recognition: --Continued

Computer Systems:

Database Access: Sales are derived from the Company granting access to its proprietary telephone listing databases to telephone companies, inter-exchange carriers and non-telco enterprise customers. The Company uses its own databases and has credit risk for collecting its billings. The Company recognizes revenue on a gross basis in the period in which the customers access the Company's databases. In fiscal 2005, this revenue comprised approximately 5% of the Company's net sales.

IT Maintenance: Sales are derived from the Company providing hardware maintenance services to the general business community, including customers who have the Company's systems, on a time and material basis or a contract basis. The Company uses its own employees and inventory in the performance of the services, and has credit risk for collecting its billings. Revenue

for these services is recognized on a gross basis in the period in which the services are performed, contingent upon customer acceptance when on a time and material basis, or over the life of the contract, as appropriate. In fiscal 2005, this revenue comprised approximately 2% of the Company's net sales.

Telephone Systems: Sales are derived from the Company providing telephone operator services-related systems and enhancements to existing systems, equipment and software to customers. The Company uses its own employees and has credit risk for collecting its billings. The Company relies upon the principles in AICPA SOP 97-2, "Software Revenue Recognition" and EITF 00-21, "Revenue Arrangements with Multiple Deliverables" to recognize revenue on a gross basis upon customer acceptance of each part of the system based upon its fair value. In fiscal 2005, this revenue comprised approximately 1% of the Company's net sales.

The Company records provisions for estimated losses on contracts when losses become evident. Accumulated unbilled costs on contracts are carried in inventory at the lower of actual cost or estimated realizable value.

Cash Equivalents: Cash equivalents consist of investments in short-term, highly liquid securities having an initial maturity of three months or less.

Investments: The Company determines the appropriate classification of marketable equity and debt securities at the time of purchase and re-evaluates its designation as of each balance sheet date. Debt securities are classified as held-to-maturity when the Company has the positive intent and ability to hold the securities to maturity. Held-to-maturity securities are stated at amortized cost. Marketable equity securities and debt securities not classified as held-to-maturity are classified as available-for-sale. Available-for-sale securities are carried at fair value with the unrealized gains and losses, net of tax, reported as a separate component of stockholders' equity. Losses considered to be other than temporary are charged to earnings.

Inventories: Accumulated unbilled costs on contracts related to performing services are carried at the lower of actual cost or realizable value (see Note D).

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE A--Summary of Significant Accounting Policies--Continued

Goodwill: Under Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," goodwill is no longer amortized, but is subject to annual impairment testing using fair value methodologies. The impairment test for goodwill is a two-step process. Step one consists of a comparison of the equity value ("fair value") of a reporting unit with its book value ("carrying amount"), including the goodwill allocated to the reporting unit. Measurement of the fair value of a reporting unit is based on one or more fair value measures including present value techniques of estimated future cash flows and estimated amounts at which the unit as a whole could be bought or sold in a current transaction between willing parties. If the carrying amount of the reporting unit exceeds the fair value, step two requires the fair value of the reporting unit to be allocated to the underlying assets and liabilities of that reporting unit, resulting in an implied fair value of goodwill. If the carrying amount of the reporting unit goodwill exceeds the implied fair value of that goodwill, an impairment loss equal to the excess is recorded in net earnings (loss). The Company performs its impairment testing using comparable multiples of sales and EBITDA and other valuation methods to assist the Company in the determination of the fair value of the reporting units measured.

Long-Lived Assets: Property, plant and equipment are recorded at cost, and depreciation and amortization are provided on the straight-line and accelerated methods at rates calculated to depreciate the cost of the assets over their estimated useful lives. Intangible assets, other than goodwill, and property, plant and equipment are reviewed for impairment in accordance with SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." Under SFAS No. 144, these assets are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Circumstances which could trigger a review include, but are not limited to:

significant decreases in the market price of the asset; significant adverse changes in the business climate or legal factors; the accumulation of costs significantly in excess of the amount originally expected for the acquisition or construction of the asset; current period cash flow or operating losses combined with a history of losses or a forecast of continuing losses associated with the use of the asset; and a current expectation that the asset will more likely than not be sold or disposed of significantly before the end of its estimated useful life. Recoverability is assessed based on the carrying amount of the asset and the sum of the undiscounted cash flows expected to result from the use and the eventual disposal of the asset or asset group. An impairment loss is recognized when the carrying amount is not recoverable and exceeds the fair value of the asset or asset group. The impairment loss is measured as the amount by which the carrying amount exceeds fair value.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE A--Summary of Significant Accounting Policies--Continued

The weighted-average amortization period for other intangible assets in fiscal 2005 and 2004 was 15 years.

Fully depreciated assets are retained in property and depreciation accounts until they are removed from service. In the case of disposals, assets and related depreciation are removed from the accounts, and the net amounts less proceeds from disposal, are included in income. Maintenance and repairs are expensed as incurred. Property, plant and equipment is depreciated over the following periods:

<TABLE>

<CAPTION>

<S>	<C>	<C>	<C>
Buildings	25 to 31-1/2 years		
Machinery and equipment	3 to 15 years		
Leasehold improvements	length of lease or life of the asset, whichever is shorter		
Enterprise Resource Planning system	5 to 7 years		

</TABLE>

<TABLE>

<CAPTION>

Property, plant and equipment consisted of:

	October 30, 2005	October 30, 2004	October 31, 2004
--	---------------------	---------------------	---------------------

(In thousands)

<S>	<C>	<C>	
Land and buildings	\$23,120	\$22,807	
Machinery and equipment	157,601	141,765	
Leasehold improvements	12,021	10,460	
Enterprise Resource Planning system	35,823	34,896	
	-----	-----	
	228,565	209,928	
Less allowances for depreciation and amortization		145,293	124,890
	-----	-----	
	\$83,272	\$85,038	
	=====	=====	

</TABLE>

A term loan is secured by a deed of trust on land and buildings with a carrying amount at October 30, 2005 of \$10.2 million (see Note F).

In fiscal year 2004, the Company sold land and buildings in California. One property was previously leased to the Company's formerly 59% owned subsidiary, Autologic Information International, Inc. and the other property was no longer being used by the Company. The gain on the sale of the building, leased to the former subsidiary, was classified as a discontinued operation.

Primary Insurance Casualty Program: The Company is insured with highly rated

insurance companies under a program that provides primary workers' compensation, employer's liability, general liability and automobile liability insurance under a loss sensitive program. In certain mandated states, the Company purchases workers' compensation insurance through participation in state funds and the experience-rated premiums in these state plans relieve the Company of any additional liability. In the loss sensitive program, initial premium accruals are established based upon the underlying exposure, such as the amount and type of labor utilized, number of vehicles, etc. The Company establishes accruals utilizing actuarial methods to estimate the future cash payments that will be made to satisfy the claims, including an allowance for incurred-but-not-reported claims. This process also includes establishing loss development factors, based on the historical claims experience of the Company and the industry, and applying those factors to current claims information to derive an estimate of the Company's ultimate premium liability. In preparing the estimates, the Company considers the nature and severity of the claims, analyses provided by third party actuaries, as well as current legal, economic and regulatory factors. The insurance policies have various premium rating plans that establish the ultimate premium to be paid. Adjustments to premiums are made based upon the level of claims incurred at a future date up to three years after the end of the respective policy period. For the policy year ended March 31, 2003, a maximum premium was predetermined and paid. For subsequent policy years, management evaluates the accrual

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE A--Summary of Significant Accounting Policies--Continued

Primary Insurance Casualty Program: --Continued

and the underlying assumptions regularly throughout the year and makes adjustments as needed. The ultimate premium cost may be greater or less than the established accrual. While management believes that the recorded amounts are adequate, there can be no assurances that changes to management's estimates will not occur due to limitations inherent in the estimation process. In the event it is determined that a smaller or larger accrual is appropriate, the Company would record a credit or a charge to cost of sales in the period in which such determination is made.

At October 30, 2005, the Company's net prepaid for the outstanding policy years was \$1.6 million compared to a net liability of \$8.3 million at October 31, 2004.

Medical Insurance Program: Beginning in April 2004, the Company became self-insured for the majority of its medical benefit programs. The Company remains insured for a portion of its medical program (primarily HMOs) as well as the entire dental program. The Company provides the self-insured medical benefits through an arrangement with a third-party administrator. However, the liability for the self-insured benefits is limited by the purchase of stop loss insurance. Contributed and withheld funds and related liabilities for the self-insured program together with unpaid premiums for the insured programs, other than the current provision, are held in a 501(c)(9) employee welfare benefit trust and do not appear on the balance sheet of the Company. In order to establish the self-insurance reserves, the Company utilizes actuarial estimates of expected losses based on statistical analyses of historical data. The provision for future payments is initially adjusted by the enrollment levels in the various plans. Periodically, the resulting liabilities are monitored and adjusted as warranted by changing circumstances. Should the amount of claims occurring exceed what was estimated or medical costs increase beyond what was expected, liabilities might not be sufficient, and additional expense may be recorded.

Capitalized Software: The Company's software technology personnel are involved in the development and acquisition of internal-use software to be used in its Enterprise Resource Planning system and software used in its operating segments, some of which are customer accessible. The Company accounts for the capitalization of software in accordance with AICPA SOP No. 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." Subsequent to the preliminary project planning and approval stage, all

appropriate costs are capitalized until the point at which the software is ready for its intended use. Subsequent to the software being used in operations, the capitalized costs are transferred from costs-in-process to completed property, plant and equipment, and are accounted for as such. All post-implementation costs, such as maintenance, training and minor upgrades that do not result in additional functionality, are expensed as incurred.

Securitization Program: The Company accounts for the securitization of accounts receivable in accordance with SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." At the time a participation interest in the receivables is sold, that interest is removed from the consolidated balance sheet. The outstanding balance of the undivided interest sold to Three Rivers Funding Corporation ("TRFCO"), an asset backed commercial paper conduit sponsored by Mellon Bank, N.A., was \$100.0 million at October 30, 2005 and \$70.0 million at October 31, 2004. Accordingly, the trade receivables included on the October 30, 2005 and October 31, 2004 balance sheets have been reduced to reflect the participation interest sold. TRFCO has no recourse to the Company (beyond its interest in the pool of receivables owned by Volt Funding Corp., a wholly-owned special purpose subsidiary of the Company) for any of the sold receivables.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE A--Summary of Significant Accounting Policies--Continued

Income Taxes: Income taxes are provided using the liability method. Deferred taxes reflect the tax consequences on future years of differences between the tax bases of assets and liabilities and their financial reporting amounts. The carrying value of the Company's deferred tax assets is dependent upon the Company's ability to generate sufficient future taxable income in certain tax jurisdictions. Should the Company determine that it would not be able to realize all or part of its deferred tax assets in the future, a valuation allowance to the deferred tax assets would be established in the period such determination was made (see Note G).

Translation of Foreign Currencies: The U.S. dollar is the Company's functional currency throughout the world, except for certain European and Canadian subsidiaries. Where the U.S. dollar is used as the functional currency, foreign currency gains and losses are included in operations. The translation adjustments recorded as a separate component of stockholders' equity result from changes in exchange rates affecting the reported assets and liabilities of the European subsidiaries whose functional currency is not the U.S. dollar.

Earnings Per Share: Basic earnings per share is calculated by dividing net earnings by the weighted-average number of common shares outstanding during the period. The diluted earnings per share computation includes the effect, if any, of shares that would be issuable upon the exercise of outstanding stock options, reduced by the number of shares which are assumed to be purchased by the Company from the resulting proceeds at the average market price during the period (see Note I).

Comprehensive Income: Comprehensive income is the net income of the Company combined with other changes in stockholders' equity not involving ownership interest changes. For the Company, such other changes include foreign currency translation and mark-to-market adjustments related to held-for-sale securities.

Derivatives and Hedging Activities: Gains and losses on foreign currency option and forward contracts designated as hedges of existing assets and liabilities and of identifiable firm commitments are deferred and included in the measurement of the related foreign currency transaction. The Company enters into derivative financial instrument contracts only for hedging purposes and accounts for them in accordance with SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", as amended. (see Note N).

New Accounting Pronouncements: In November 2004, the FASB issued SFAS No. 151, "Inventory Costs--an Amendment of ARB No. 43, Chapter 4," which clarifies the accounting for abnormal amounts of idle facility expense, freight, handling costs, and spoilage. This Statement requires that these items be recognized as period costs even if the amounts are not considered to be abnormal. The

provisions of this Statement are effective for inventory costs incurred in fiscal years beginning after June 15, 2005. The Company does not believe that the adoption of this Statement in fiscal 2006 will have a material impact on the Company's consolidated financial position or results of operations.

In December 2004, the FASB issued SFAS No. 153, "Exchanges of Nonmonetary Assets-an Amendment of APB Opinion No. 29," to eliminate the exception for nonmonetary exchanges of similar productive assets and replace it with a general exception for exchanges of nonmonetary assets that do not have commercial substance. The provisions of this Statement are effective for nonmonetary asset exchanges occurring in fiscal periods beginning after June 15, 2005, with early application permitted for exchanges beginning after November 2004. The adoption of this Statement has not had a material impact on the Company's consolidated financial position or results of operations.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE A--Summary of Significant Accounting Policies--Continued

In December 2004, the FASB issued SFAS No. 123R, "Share-Based Payment," which replaces the superseded SFAS No. 123, "Accounting for Stock-Based Compensation." This Statement requires that all entities apply a fair-value-based measurement method in accounting for share-based payment transactions with employees and suppliers when the entity acquires goods or services. The provisions of this Statement are required to be adopted by the Company beginning October 31, 2005. The Company is currently assessing the impact that the adoption will have on the Company's consolidated financial position and results of operations. It will require the Company to record an expense for share-based compensation.

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections, - a replacement of APB Opinion No. 20 and FASB Statement No. 3". This Statement establishes, unless impracticable, retrospective application as the required method for reporting a change in accounting principle in the absence of explicit transition requirements specific to the newly adopted accounting principle. The provisions of this Statement are effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. Early adoption is permitted for accounting changes and corrections of errors made in fiscal years beginning after the date this Statement is issued. The Company does not believe that the adoption of this Statement in fiscal 2006 will have a material impact on the Company's consolidated financial position or results of operations.

The American Jobs Creation Act of 2004 (the "Act") provided for a special one-time tax deduction of 85% of certain foreign earnings that are repatriated. The Company is currently assessing the impact the Act will have on the Company's consolidated financial position and results of operations.

NOTE B--Securitization Program

In April 2005, the Company amended its \$150.0 million accounts receivable securitization program ("Securitization Program") to provide that the expiration date be extended from April 2006 to April 2007. Under the Securitization Program, receivables related to the United States operations of the staffing solutions business of the Company and its subsidiaries are sold from time-to-time by the Company to Volt Funding Corp., a wholly-owned special purpose subsidiary of the Company ("Volt Funding"). Volt Funding, in turn, sells to Three Rivers Funding Corporation ("TRFCO"), an asset backed commercial paper conduit sponsored by Mellon Bank, N.A. and unaffiliated with the Company, an undivided percentage ownership interest in the pool of receivables Volt Funding acquires from the Company (subject to a maximum purchase by TRFCO in the aggregate of \$150.0 million). The Company retains the servicing responsibility for the accounts receivable. At October 30, 2005, TRFCO had purchased from Volt Funding a participation interest of \$100.0 million out of a pool of approximately \$283.3 million of receivables.

The Securitization Program is not an off-balance sheet arrangement as Volt Funding is a 100%-owned consolidated subsidiary of the Company. Accounts receivable are only reduced to reflect the fair value of receivables actually sold. The Company entered into this arrangement as it provided a low-cost

alternative to other financing.

The Securitization Program is designed to enable the sale of receivables by the Company to Volt Funding to constitute true sales of those receivables. As a result, the receivables are available to satisfy Volt Funding's own obligations to its own creditors before being available, through the Company's residual equity interest in Volt

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE B--Securitization Program--Continued

Funding, to satisfy the Company's creditors. TRFCO has no recourse to the Company beyond its interest in the pool of receivables owned by Volt Funding.

In the event of termination of the Securitization Program, new purchases of a participation interest in receivables by TRFCO would cease and collections reflecting TRFCO's interest would revert to it. The Company believes TRFCO's aggregate collection amounts should not exceed the pro rata interests sold. There are no contingent liabilities or commitments associated with the Securitization Program.

The Company accounts for the securitization of accounts receivable in accordance with SFAS No. 140, "Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities." At the time a participation interest in the receivables is sold, the receivable representing that interest is removed from the condensed consolidated balance sheet (no debt is recorded) and the proceeds from the sale are reflected as cash provided by operating activities. Losses and expenses associated with the transactions, primarily related to discounts incurred by TRFCO on the issuance of its commercial paper, are charged to the consolidated statement of operations.

The Company incurred charges, in connection with the sale of receivables under the Securitization Program, of \$3.4 million in the fiscal year ended October 30, 2005 compared to \$1.7 million and \$1.6 million in the fiscal years ended October 31, 2004 and November 2, 2003, respectively, which are included in Other Expense on the consolidated statement of operations. The equivalent cost of funds in the Securitization Program was 4.2%, 2.7% and 2.6% per annum in the fiscal years 2005, 2004 and 2003, respectively. The Company's carrying retained interest in the receivables approximated fair value due to the relatively short-term nature of the receivable collection period. In addition, the Company performed a sensitivity analysis, changing various key assumptions, which also indicated the retained interest in receivables approximated fair value.

At October 30, 2005 and October 31, 2004, the Company's carrying retained interest in a revolving pool of receivables was approximately \$182.5 million and \$178.2 million, respectively, net of a service fee liability, out of a total pool of approximately \$283.3 million and \$248.7 million, respectively. The outstanding balance of the undivided interest sold to TRFCO was \$100.0 million and \$70.0 million at October 30, 2005 and October 31, 2004, respectively. Accordingly, the trade accounts receivable included on the October 30, 2005 and October 31, 2004 balance sheets have been reduced to reflect the participation interest sold of \$100.0 million and \$70.0 million, respectively.

The Securitization Program is subject to termination at TRFCO's option, under certain circumstances, including the default rate, as defined, on receivables exceeding a specified threshold, the rate of collections on receivables failing to meet a specified threshold or the Company failing to maintain a long-term debt rating of "B" or better, or the equivalent thereof, from a nationally recognized rating organization. At October 30, 2005, the Company was in compliance with all requirements of the Securitization Program.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE C--Short-Term Investments and Investments in Securities

At October 30, 2005 and October 31, 2004 short-term investments consisted of \$4.2 million and \$4.2 million, respectively, invested in mutual funds for the Company's deferred compensation plan (see Note N).

At October 30, 2005 and October 31, 2004, the Company had an available-for-sale investment in equity securities of \$141,000 and \$100,000, respectively. The gross unrealized gains of \$101,500 and \$60,500 at October 30, 2005 and October 31, 2004, respectively, were included as a component of accumulated other comprehensive income (loss).

NOTE D--Inventories

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

	October 30, 2005	October 31, 2004
	-----	-----
	(In thousands)	
Telephone Directory	\$10,508	\$11,313
Telecommunications Services	17,734	14,505
Computer Systems	5,516	6,858
	-----	-----
Total	\$33,758	\$32,676
	=====	=====

The cumulative amounts billed under service contracts at October 30, 2005 and October 31, 2004 of \$9.6 million and \$13.9 million, respectively, are credited against the related costs in inventory.

NOTE E--Short-Term Borrowings

In April 2005, the Company amended its secured, syndicated, revolving credit agreement ("Credit Agreement") to, among other things, extend the term for three years to April 2008 and increase the line from \$30.0 million to \$40.0 million.

The Credit Agreement established a secured credit facility ("Credit Facility") in favor of the Company and designated subsidiaries, of which up to \$15.0 million may be used for letters of credit. Borrowings by subsidiaries are limited to \$25.0 million in the aggregate. The administrative agent for the Credit Facility is JPMorgan Chase Bank. The other banks participating in the Credit Facility are Mellon Bank, N.A., Wells Fargo Bank, N.A., Lloyds TSB Bank PLC and Bank of America, N.A.

Borrowings under the Credit Facility are to bear interest at various rate options selected by the Company at the time of each borrowing. Certain rate options, together with a facility fee, are based on a leverage ratio, as defined. Additionally, interest and the facility fees can be increased or decreased upon a change in the Company's long-term debt rating provided by a nationally recognized rating agency. As amended, in lieu of the previous borrowing base formulation, the Credit Agreement now requires the maintenance of specified accounts receivable collateral in excess of any outstanding borrowings. Based upon the Company's leverage ratio and debt rating at October 30, 2005, if a three-month U.S. Dollar LIBO rate were the interest rate option selected by the Company, borrowings would have borne interest at the rate of 4.9% per annum. At October 30, 2005, the facility fee was 0.3% per annum.

NOTE E--Short-Term Borrowings--Continued

The Credit Agreement provides for the maintenance of various financial ratios and covenants, including, among other things, a requirement that the Company

maintain a consolidated tangible net worth, as defined; a limitation on cash dividends, capital stock purchases and redemptions by the Company in any one fiscal year to 50% of consolidated net income, as defined, for the prior fiscal year; and a requirement that the Company maintain a ratio of EBIT, as defined, to interest expense, as defined, of 1.25 to 1.0 for the twelve months ended as of the last day of each fiscal quarter. The Credit Agreement also imposes limitations on, among other things, the incurrence of additional indebtedness, the incurrence of additional liens, sales of assets, the level of annual capital expenditures, and the amount of investments, including business acquisitions and investments in joint ventures, and loans that may be made by the Company and its subsidiaries. At October 30, 2005, the Company was in compliance with all covenants in the Credit Agreement.

The Company is liable on all loans made to it and all letters of credit issued at its request, and is jointly and severally liable as to loans made to subsidiary borrowers. However, unless also a guarantor of loans, a subsidiary borrower is not liable with respect to loans made to the Company or letters of credit issued at the request of the Company, or with regard to loans made to any other subsidiary borrower. Under the April 2005 amendment, five subsidiaries of the Company remain as guarantors of all loans made to the Company or to subsidiary borrowers under the Credit Facility. At October 30, 2005, four of those guarantors have pledged approximately \$54.4 million of accounts receivable, other than those in the Securitization Program, as collateral for the guarantee obligations. Under certain circumstances, other subsidiaries of the Company also may be required to become guarantors under the Credit Facility.

At October 30, 2005, the Company had credit lines with domestic and foreign banks which provided for borrowings and letters of credit up to an aggregate of \$51.3 million, including \$40.0 million under the Credit Agreement and the Company had total outstanding foreign currency bank borrowings of \$6.6 million, \$2.4 million of which were under the Credit Agreement. These bank borrowings provide a hedge against devaluation in foreign currency denominated assets.

NOTE F--Long-Term Debt and Financing Arrangements

Long-term debt consists of the following:

	October 30, 2005	October 31, 2004
	-----	-----
	(In thousands)	
8.2% term loan (a)	\$13,730	\$14,130
Payable to Nortel Networks(b)	1,971	1,857
	-----	-----
	15,701	15,987
Less amounts due within one year	2,404	399
	-----	-----
Total long-term debt	\$13,297	\$15,588
	=====	=====

(a) In September 2001, a subsidiary of the Company entered into a \$15.1 million loan agreement with General Electric Capital Business Asset Funding Corporation. Principal payments have reduced the loan to \$13.7 million at October 30, 2005. The fair value of the loan was approximately \$14.3 million at October 30, 2005. The 20-year 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 certain land and buildings that had a carrying amount at October 30, 2005 of \$10.2 million. The obligation is guaranteed by the Company.

(b) Represents the present value of a \$2.0 million payment due to Nortel Networks in February 2006, discounted at 6% per annum, as required in an agreement closed on August 2, 2004 (see Note J).

NOTE F--Long-Term Debt and Financing Arrangements-- Continued

Principal payment maturities on long-term debt outstanding at October 30, 2005 are:

Fiscal Year -----	Amount ----- (In thousands)
2006	\$2,404
2007	470
2008	511
2009	554
2010	601
Thereafter	11,161
	----- \$15,701 =====

NOTE G--Income Taxes

The components of the Company's income from continuing operations before income taxes and minority interest by location, and the related income tax provision are as follows:

<TABLE>
<CAPTION>

	Year Ended		
	October 30, 2005	October 31, 2004	November 2, 2003
	----- (In thousands) -----		

The components of income from continuing operations before income taxes and minority interest, based on the location of operations, consist of the following:

<S>	<C>	<C>	<C>
Domestic	\$30,318	\$36,530	\$3,523
Foreign	5,975	5,603	3,598
	----- \$36,293	----- \$42,133	----- \$7,121
	=====	=====	=====

The components of the income tax provision include:

Current:			
Federal (a)	\$9,880	\$13,040	\$518
Foreign	1,508	2,608	1,716
State and local	3,819	4,109	600
Total current	----- 15,207	----- 19,757	----- 2,834
Deferred:			
Federal	(\$2,711)	(\$3,450)	\$232
Foreign	201	(19)	(202)
State and local	(468)	(771)	52
Total deferred	----- (2,978)	----- (4,240)	----- 82
Total income tax provision	----- \$12,229	----- \$15,517	----- \$2,916
	=====	=====	=====

</TABLE>

(a) Reduced in 2005, 2004 and 2003 by benefits of \$1.4 million, \$0.9 million and \$0.8 million, respectively, from general business credits.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE G--Income Taxes--Continued

The consolidated effective tax rates are different than the U.S. Federal statutory rate. The differences result from the following:

<TABLE>

<CAPTION>

	Year Ended		
	October 30, 2005	October 31, 2004	November 2, 2003
<S>	<C>	<C>	<C>
Statutory rate	35.0%	35.0%	35.0%
State and local taxes, net of federal tax benefit	8.0	6.3	6.4
Tax effect of foreign operations	-	2.4	3.8
Goodwill	(0.7)	(1.3)	(3.3)
General business credits	(3.9)	(2.2)	(4.5)
Minority interest	(7.5)	(2.2)	-
Other-net, principally non deductible items		2.8	(1.2)
	----	----	----
Effective tax rate	33.7%	36.8%	40.9%
	=====	=====	=====

</TABLE>

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes, and also include foreign operating loss carryforwards. Significant components of the Company's deferred tax assets and liabilities are as follows:

<TABLE>

<CAPTION>

	October 30, 2005	October 31, 2004
	-----	-----
	(In thousands)	
Deferred Tax Assets:		
<S>	<C>	<C>
Allowance for doubtful accounts	\$2,688	\$3,573
Inventory valuation	1,679	526
Foreign loss carryforwards	2,746	1,692
Goodwill	2,740	2,256
Compensation accruals and deferrals	4,803	4,551
Warranty accruals	105	76
Foreign asset bases	133	377
Other-net	578	878
	-----	-----
Total deferred tax assets	15,472	13,929
Less valuation allowance for deferred tax assets	4,760	3,948
	-----	-----
Deferred tax assets, net of valuation allowance	10,712	9,981
	-----	-----
Deferred Tax Liabilities:		
Software development costs	3,324	4,526
Earnings not currently taxable	53	146
Accelerated book depreciation	5,872	7,688
Intangible assets	4,575	-
	-----	-----
Total deferred tax liabilities	13,824	12,360
	-----	-----
Net deferred tax liabilities	(\$3,112)	(\$2,379)
	=====	=====
Balance sheet classification:		
Current assets	\$10,246	\$9,385

Non-current liabilities	(13,358)	(11,764)
	-----	-----
Net deferred tax liabilities	(\$3,112)	(\$2,379)
	=====	=====

</TABLE>

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE G--Income Taxes--Continued

At October 30, 2005, deferred tax assets included \$2.8 million related to foreign loss carryforwards, with no limitation on the carryforward period and \$2.0 million related to goodwill written off as impaired. For financial statement purposes, a full valuation allowance of \$4.8 million has been recognized due to the uncertainty of the realization of the foreign loss carryforwards and future tax deductions related to goodwill. The valuation allowance increased during 2005 by \$0.8 million.

Substantially all of the undistributed earnings of foreign subsidiaries of \$12.6 million at October 30, 2005 are considered permanently invested and, accordingly, no federal income taxes thereon have been provided. Should these earnings be distributed, foreign tax credits would reduce the additional federal income tax that would be payable. Availability of credits is subject to limitations; accordingly, it is not practicable to estimate the amount of the ultimate deferred tax liability, if any, on accumulated earnings.

The American Jobs Creation Act of 2004 (the "Act") provided for a special one-time tax deduction of 85% of certain foreign earnings that are repatriated. The Company is currently assessing the impact the Act will have on the Company's consolidated financial position or results of operations. The Company does not anticipate a material benefit upon completion of its evaluation of the Act in fiscal 2006 due to the relative high tax rates in those countries with undistributed earnings.

NOTE H--Goodwill and Intangible Assets

Goodwill and intangibles with indefinite lives are no longer amortized, but are subject to annual testing using fair value methodology. An impairment charge is recognized for the amount, if any, by which the carrying value of an indefinite-life intangible asset exceeds its fair value. The test for goodwill, which is performed in the Company's second fiscal quarter, primarily uses comparable multiples of sales and EBITDA and other valuation methods to assist the Company in the determination of the fair value of the goodwill and the reporting units measured.

The following table represents the balance of intangible assets subject to amortization as of the end of fiscal 2005 and the amortization expense for the year:

	October 30, 2005	October 31, 2004
	-----	-----
	(In thousands)	
Intangible assets	\$16,310	\$16,286
Accumulated amortization	1,396	288
	-----	-----
Net Carrying Value	\$14,914	\$15,998
	=====	=====
Annual amortization expense	\$1,108	\$288
	=====	=====

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE I--Per Share Data--Continued

Options to purchase 163,700, 45,400 and 582,539 shares of the Company's common stock were outstanding at October 30, 2005, October 31, 2004 and November 2, 2003, respectively, but were not included in the computation of diluted earnings per share because the effect of inclusion would have been antidilutive.

NOTE J--Acquisition of Businesses

On August 2, 2004, Volt Delta, a wholly-owned subsidiary of the Company, closed a Contribution Agreement (the "Contribution Agreement") with Nortel Networks under which Nortel Networks contributed certain of the assets (consisting principally of a customer base and contracts, intellectual property and inventory) and certain specified liabilities of its directory and operator services ("DOS") business to Volt Delta in exchange for a 24% minority equity interest in Volt Delta. Together with its subsidiaries, Volt Delta is reported as the Company's Computer Systems segment. Volt Delta is using the assets acquired from Nortel Networks to enhance the operation of its DOS business.

In addition, the companies entered into a ten-year relationship agreement to maintain the compatibility and interoperability between future releases of Nortel Networks' Traffic Operator Position System ("TOPS") switching platform and Volt Delta's IWS/MWS operator workstations and associated products. Nortel Networks and Volt Delta will work together developing feature content and release schedules for, and to ensure compatibility between, any TOPS changes that require a change in Volt Delta's products or workstations.

Also, on August 2, 2004, the Company and certain subsidiaries entered into a Members' Agreement (the "Members' Agreement") with Nortel Networks which defined the management of Volt Delta and the respective rights and obligations of the equity owners thereof. The Members' Agreement provides that, commencing two years from the date thereof, Nortel Networks may exercise a put option or Volt Delta may exercise a call option, in each case to affect the purchase by Volt Delta of Nortel Networks' minority interest in Volt Delta ("Contingent Liability"). The option was cancelled by an amendment to the Members' Agreement on December 29, 2005 (See Note Q-Subsequent Events).

The Company engaged an independent valuation firm to assist in the determination of the purchase price (the value of the 24% equity interest in Volt Delta) of the acquisition and its allocation. The allocation was completed at the end of fiscal 2005.

The assets and liabilities of the acquired business are accounted for under the purchase method of accounting at the date of acquisition, recorded at their fair values, with the recognition of a minority interest to reflect Nortel Networks' 24% investment in Volt Delta. The results of operations have been included in the Consolidated Statements of Operations since the acquisition date.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE J--Acquisition of Businesses--Continued

Purchase Allocation
 Fair Value of Assets Acquired and Liabilities Assumed and Established

(In thousands)

Cash	3,491
Inventories	1,551
Deferred taxes	1,497
Deposit and other assets	404
Goodwill	23,641
Intangible assets	15,900

Total assets	\$46,484

Accrued wages and commissions	\$ 700
Other accrued expenses	2,189
Other liabilities	2,791
Long-term debt	1,828
Deferred taxes	4,976
Minority interest	34,000
Total liabilities	\$46,484

The intangible assets represent the fair value of customer relationships (\$15.1 million) and product technology (\$0.8 million), and are being amortized over 16 years and 10 years, respectively. Since the members' interests in Volt Delta are treated as partnership interests, the tax deduction for amortization will not commence until the Contingent Liability is final and determined.

The following unaudited pro forma information combines the consolidated results of operations of the Company with those of the DOS business as if the acquisition had occurred at the beginning of fiscal 2003. This pro forma financial information is presented for comparative purposes only and is not necessarily indicative of the operating results that actually would have occurred had this acquisition been consummated at the start of fiscal 2003. In addition, these results are not intended to be a projection of future results and do not reflect any synergies that might be achieved from the combined operations.

Pro Forma Results (Unaudited)
Year Ended
October November
31, 2004 2, 2003

(In thousands of dollars, except per share data)

Net sales	\$1,953,842	\$1,649,939
Operating income	\$51,326	\$18,512
Net income	\$34,678	\$5,922
Earnings per share:		
Basic	\$2.27	\$0.39
Diluted	\$2.25	\$0.39

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE J--Acquisition of Businesses--Continued

In May 2004, DataNational, a wholly-owned subsidiary of the Company, purchased certain of the assets of an independent telephone directory publisher for \$0.4 million. The assets consisted of the rights to produce and sell certain independent telephone directories in the state of Georgia. The entire purchase price represents the fair value of the acquired customer listings, prospect listings and documentation, which is reflected in other intangible assets, and is being amortized over 5 years.

NOTE K--Stock Option Plan

The Non-Qualified Option Plan adopted by the Company in fiscal 1995 terminated on May 16, 2005 except for options previously granted under the plan. Unexercised options expire ten years after grant. Outstanding options at October 30, 2005 were granted at 100% of the market price on the date of grant and become fully vested within one to five years after the grant date.

Transactions involving outstanding stock options under the plan were:

	Number of Shares -----	Weighted Average Exercise Price -----	
Outstanding-November 3, 2002	566,359	\$21.08	
Granted	38,750	12.02	
Exercised	(3,000)	18.08	
Forfeited	(19,570)	21.43	

Outstanding-November 2, 2003	582,539	20.48	
Granted	13,800	25.39	
Exercised	(62,210)	18.55	
Forfeited	(6,376)	25.67	

Outstanding-October 31, 2004	527,753	20.77	
Exercised	(56,630)	18.49	
Forfeited	(30,225)	22.59	

Outstanding-October 30, 2005	440,898	\$20.94	
	=====		

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE K--Stock Option Plan--Continued

Price ranges of outstanding and exercisable options as of October 30, 2005 are summarized below:

<TABLE>
<CAPTION>

Range of Exercise Prices	Outstanding Options			Exercisable Options	
	Number of Shares	Average Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
-----	-----	-----	-----	-----	-----
<S> <C>	<C>	<C>	<C>	<C>	<C>
\$10.67 - \$17.50	58,330	5.9	\$13.39	37,180	\$14.62
\$18.08 - \$18.08	175,968	0.5	\$18.08	175,968	\$18.08
\$18.13 - \$22.31	89,720	4.4	\$20.25	80,690	\$20.43
\$22.47 - \$33.94	88,680	2.9	\$26.00	77,880	\$26.07
\$35.56 - \$50.56	28,200	2.2	\$40.70	28,200	\$40.70

NOTE L--Segment Disclosures

Financial data concerning the Company's sales, segment profit (loss) and identifiable assets by reportable operating segment for fiscal years 2005, 2004 and 2003 are presented in tables below.

Total sales include both sales to unaffiliated customers, as reported in the Company's consolidated statements of operations, and intersegment sales. Sales between segments are generally priced at fair market value. The Company evaluates performance based on segment profit or loss from operations before general corporate expenses, interest income and other expense, interest expense, foreign exchange gains and losses and income taxes.

The accounting policies of the reportable segments are the same as those described in the summary of significant accounting policies. Therefore, the Company's operating profit is the total segment profit less general corporate expenses. Identifiable assets are those assets that are used in the Company's operations in the particular operating segment. Corporate assets consist

principally of cash and cash equivalents, investments and an Enterprise Resource Planning system.

The Company operates in two major businesses, which are primarily focused on the markets they serve: staffing services and telecommunications and information solutions. The Company's internal reporting structure is based on the services and products provided to customers which results in the following four reportable operating segments:

Staffing Services - This segment provides a broad range of employee staffing services to a wide range of customers throughout the United States, Canada, and Europe and has commenced operations in Asia. These services fall within three major functional areas: Staffing Solutions, Information Technology Solutions and E-Procurement Solutions. Staffing Solutions provides a full spectrum of managed staffing and temporary/alternative personnel employment and direct hire placement. Information Technology Solutions provides a wide range of information technology services, including consulting, turnkey project management in the product development lifecycle, IT and customer contact arenas. E-Procurement Solutions provides global vendor neutral procurement and human capital management solutions by combining web-based tools and business process outsourcing services.

Telephone Directory - This segment publishes independent telephone directories in the United States and publishes telephone directories in Uruguay; provides telephone directory production, commercial printing, database management, sales and marketing services and licenses directory production and contract management software systems to directory publishers and others.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE L--Segment Disclosures--Continued

Telecommunications Services - This segment provides telecommunications services, including design, engineering, construction, installation, maintenance and removals in the outside plant and central office of telecommunications and cable companies, and within their customers' premises, as well as for both large commercial and governmental entities requiring telecommunications services; and also provides complete turnkey services for wireless and wireline telecommunications companies.

Computer Systems - This segment provides directory assistance services, both traditional and enhanced, to wireline and wireless telecommunications companies; provides directory assistance content; designs, develops, integrates, markets, sells and maintains computer-based directory assistance systems and other database management and telecommunications systems, primarily for the telecommunications industry; and provides IT services to the Company's other businesses and third parties.

Sales, operating profit and identifiable assets by the Company's reportable operating segment are as follows:

<TABLE>
<CAPTION>

	October 30, 2005	October 31, 2004	November 2, 2003	
	-----	-----	-----	
Net Sales	(In thousands)			
Staffing Services:				
<S>	<C>	<C>	<C>	
Staffing	\$1,759,683	\$1,580,225	\$1,266,875	
Managed Services	1,157,168	1,148,116	1,043,572	
	-----	-----	-----	
Total gross sales	2,916,851	2,728,341	2,310,447	
Less Non-recourse Managed Services		(1,121,196)	(1,120,079)	(967,379)
Intersegment sales	6,155	3,839	2,367	
	-----	-----	-----	
	1,801,810	1,612,101	1,345,435	
	-----	-----	-----	

Telephone Directory:

Sales to unaffiliated customers	82,298	72,194	69,750
Intersegment sales	-	1	43
	<u>82,298</u>	<u>72,195</u>	<u>69,793</u>
Telecommunications Services:			
Sales to unaffiliated customers	137,799	134,266	112,201
Intersegment sales	1,212	1,132	638
	<u>139,011</u>	<u>135,398</u>	<u>112,839</u>
Computer Systems:			
Sales to unaffiliated customers	161,867	110,055	84,472
Intersegment sales	11,252	9,962	9,167
	<u>173,119</u>	<u>120,017</u>	<u>93,639</u>
Elimination of intersegment sales	(18,619)	(14,934)	(12,215)
Total Net Sales	<u>\$2,177,619</u>	<u>\$1,924,777</u>	<u>\$1,609,491</u>
Segment Profit (Loss)			
Staffing Services	\$31,179	\$36,718	\$21,072
Telephone Directory	14,895	10,115	6,748
Telecommunications Services	(2,429)	(2,838)	(3,986)
Computer Systems	35,801	30,846	14,679
Total segment profit	<u>79,446</u>	<u>74,841</u>	<u>38,513</u>
General corporate expenses	(38,839)	(30,812)	(27,668)
Total Operating Profit	<u>\$40,607</u>	<u>\$44,029</u>	<u>\$10,845</u>

</TABLE>

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE L--Segment Disclosures--Continued

	October 30, 2005	October 31, 2004	
	<u>-----</u>	<u>-----</u>	
	(In thousands)		
Assets:			
Staffing Services	\$446,990	\$422,658	
Telephone Directory	55,238	55,740	
Telecommunications Services	53,173	52,770	
Computer Systems	103,720	102,487	
	<u>659,121</u>	<u>633,655</u>	
Cash, investments and other corporate assets	29,591	56,381	
Total assets	<u>\$688,712</u>	<u>\$690,036</u>	

Sales to external customers and assets of the Company by geographic area are as follows:

<TABLE>
<CAPTION>

	Year Ended		
	October 30, 2005	October 31, 2004	November 2, 2003
	<u>-----</u>	<u>-----</u>	<u>-----</u>
	(In thousands)		

Sales:			
<S>	<C>	<C>	<C>
Domestic	\$2,058,661	\$1,822,544	\$1,484,720
International, principally Europe	118,958	102,233	124,771
	-----	-----	-----
	\$2,177,619	\$1,924,777	\$1,609,491
	=====	=====	=====

</TABLE>

<TABLE>
<CAPTION>

	Year Ended	
	October 30,	October 31,
	2005	2004

	(In thousands)	
Assets:		
<S>	<C>	<C>
Domestic	\$633,381	\$634,454
International, principally Europe	55,331	55,582
	-----	-----
	\$688,712	\$690,036
	=====	=====

</TABLE>

In fiscal 2005, the Telecommunications Services segment's sales to two customers accounted for approximately 30% and 14% respectively, of the total sales of that segment; the Computer Systems segment's sales to two customers accounted for approximately 31% and 13% of the total sales of that segment; the Staffing Services segment's sales to one customer accounted for approximately 13% of the total sales of that segment. In fiscal 2005, the sales to seven operating units of one customer, Microsoft Corporation, accounted for 11% of the Company's net sales.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE L--Segment Disclosures--Continued

In fiscal 2004, the Telecommunications Services segment's sales to four customers accounted for approximately 17%, 15%, 12%, and 11% respectively, of the total sales of that segment; the Computer Systems segment's sales to one customer accounted for approximately 28% of the total sales of that segment; the Staffing Services segment's sales to one customer accounted for approximately 14% of the total sales of that segment; and the Telephone Directory segment's sales to one customer accounted for approximately 10% of the total sales of that segment. In fiscal 2004, the sales to seven operating units of one customer, Microsoft Corporation, accounted for 12% of the Company's net sales.

In fiscal 2003, the Telecommunications Services segment's sales to three customers accounted for approximately 23%, 18%, and 12%, respectively, of the total sales of that segment; the Computer Systems segment's sales to two customers accounted for approximately 27% and 13% of the total sales of that segment; the Staffing Services segment's sales to one customer accounted for approximately 13% of the total sales of that segment; and the Telephone Directory segment's sales to one customer accounted for approximately 10% of the total sales of that segment. In fiscal 2003, the sales to seven operating units of one customer, Microsoft Corporation, accounted for 10.6% of the Company's net sales.

The loss of one or more of these customers, unless the business is replaced by the segment, could result in an adverse effect on the results for that segment's business.

Capital expenditures and depreciation and amortization by the Company's operating segments are as follows:

<TABLE>
<CAPTION>

	Year Ended		
	October 30, 2005	October 31, 2004	November 2, 2003
(In thousands)			
Capital Expenditures:			
<S>	<C>	<C>	<C>
Staffing Services	\$17,061	\$9,270	\$8,026
Telephone Directory	151	391	2,104
Telecommunications Services	2,973	1,803	1,766
Computer Systems	6,520	17,491	4,768
	-----	-----	-----
Total segments	26,705	28,955	16,664
Corporate	1,806	1,782	1,326
	-----	-----	-----
	\$28,511	\$30,737	\$17,990
	=====	=====	=====
Depreciation and Amortization (a):			
Staffing Services	\$10,399	\$9,365	\$8,942
Telephone Directory	1,848	2,067	2,024
Telecommunications Services	1,771	2,862	3,870
Computer Systems	9,840	5,744	3,770
	-----	-----	-----
Total segments	23,858	20,038	18,606
Corporate	5,745	5,499	5,725
	-----	-----	-----
	\$29,603	\$25,537	\$24,331
	=====	=====	=====

</TABLE>

(a) Includes depreciation and amortization of property, plant and equipment for fiscal years 2005, 2004 and 2003 of \$28.5 million, \$25.2 million and \$24.2 million, respectively.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE M--Employee Benefits

The Company has various savings plans that permit eligible employees to make contributions on a pre-tax salary reduction basis in accordance with the provisions of Section 401(k) of the Internal Revenue Code. In January 2000, the Company amended the savings plan for permanent employees to provide a Company contribution in the form of a 50% match of the first 3% of salary contributed by eligible participants. For participants with less than five years of service, the Company's matching contributions vest at 20% per year over a five-year period. Company contributions to the plan are made semi-annually. Under the plan, the Company's contributions of \$1.7 million, \$1.4 million and \$1.3 million in fiscal 2005, fiscal 2004 and fiscal 2003, respectively, were accrued and charged to compensation expense.

The Company has a non-qualified deferred compensation and supplemental savings plan, which permits eligible employees to defer a portion of their salary. This plan consists solely of participant deferrals and earnings thereon, which are reflected as a current liability under accrued wages and commissions. The Company invests the assets of the plan in mutual funds based upon investment preferences of the participants.

NOTE N--Derivative Financial Instruments, Hedging and Restricted Cash

The Company enters into derivative financial instruments only for hedging purposes. All derivative financial instruments, such as interest rate swap contracts, 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 October 30, 2005, the Company had outstanding foreign currency option contracts in the aggregate notional amount equivalent to \$2.9 million, which approximated its net investment in foreign operations and is accounted for as a hedge under SFAS No. 52.

Included in cash and cash equivalents at October 30, 2005 and October 31, 2004 was approximately \$26.1 million and \$43.7 million, respectively, that was restricted to cover obligations that were reflected in accounts payable at that date. These amounts primarily related to certain contracts with customers, for whom the Company manages the customers' alternative staffing requirements, including the payment of associate vendors.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE O--Leases

The future minimum rental commitments as of October 30, 2005 for all non-cancelable operating leases were as follows:

Fiscal Year	Total	Office Space	Equipment
	-----	-----	-----
	(In thousands)		
2006	\$19,378	\$18,380	\$998
2007	14,857	14,315	542
2008	7,501	7,423	78
2009	3,929	3,929	-
2010	2,733	2,733	-
Thereafter	414	414	-
	-----	-----	-----
	\$48,812	\$47,194	\$1,618
	=====	=====	=====

Many of the leases also require the Company to pay and contribute to property taxes, insurance and ordinary repairs and maintenance.

Rental expense for all operating leases for fiscal years 2005, 2004 and 2003 was \$29.9 million, \$25.6 million and \$24.0 million, respectively.

NOTE P--Related Party Transactions

During fiscal 2005, 2004 and 2003, the Company paid or accrued \$0.8 million, \$1.9 million and \$0.5 million, respectively, to the law firms of which Lloyd Frank, a director of the Company, is or was of counsel, for services rendered to the Company and expenses reimbursed. During fiscal 2005, 2004 and 2003, the Company also paid \$5,000, \$13,000 and \$47,700, respectively, to the law firm of which Bruce Goodman, a director of the Company, is a partner, for services rendered to the Company.

The Company renders various payroll and related services to a corporation primarily owned by Steven A. Shaw, an officer and director, for which the Company received approximately \$5,000 in excess of its direct costs in fiscal 2005. Such services are performed on a basis substantially similar to those performed by the Company for and at substantially similar rates as charged by the Company to unaffiliated third parties. In addition, the Company rents

approximately 2,600 square feet of office space to that corporation in the Company's El Segundo, California facility (which is located within the Company's facility and shares common areas), which the Company does not require for its own use, on a month-to-month basis at a rental of \$1,750 per month (\$1,500 per month prior to March 31, 2004). Based on the nature of the premises and a report from a real estate broker, the Company believes the rent is a fair and reasonable rate for the space.

In 2005, after an investigation conducted by independent counsel appointed by the Audit Committee of the Board of Directors, the Audit Committee concluded that Mr. Thomas Daley, an executive officer of the Company, had, in July, 2005, exercised options and sold the underlying shares of stock of the Company in violation of the Company's Insider Trading Policy. The Audit Committee required Mr. Daley to pay \$31,500, representing the difference between the price at which Mr. Daley sold the stock and the average market price of the Company's stock over the three days following the Company's release of its 3rd quarter results, and pay a further penalty of \$10,000. These moneys have been paid by Mr. Daley to the Company's General Counsel's attorney escrow account. The matter was self-reported on behalf of the Company to the Securities and Exchange Commission, and is under review by that agency. In connection with this matter, the Audit Committee recommended that the Company advance Mr. Daley's legal fees

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE P--Related Party Transactions--Continued

upon his entering into a written agreement to repay such fees if it were ultimately determined that he was not entitled to be indemnified for legal expenses under applicable law. The Company has advanced to date \$95,800 directly to Mr. Daley's attorneys in connection with such matter. The Company has also paid to date legal fees of the independent counsel to the Audit Committee of approximately \$260,000 associated with this matter.

NOTE Q--Subsequent Events

On December 29, 2005, Volt Delta purchased from Nortel Networks its 24% minority interest in Volt Delta. Under the terms of the agreement, Volt Delta is required to pay Nortel Networks approximately \$56.4 million for its minority interest in the LLC, and an excess cash distribution of approximately \$5.4 million. Under the terms of the agreement, Volt Delta paid \$25.0 million on December 29, 2005 with the remaining \$36.8 million due February 15, 2006. The transaction is expected to result in an increase of approximately \$18.0 million in goodwill and intangible assets and elimination of the minority interest.

On December 30, 2005, Volt Delta acquired varetis AG's Varetis Solutions GmbH subsidiary for \$24.8 million. The acquisition of Varetis Solutions, GmbH allows the two companies to combine resources to focus on the evolving global market for directory information systems and services. Varetis Solutions adds technology in the area of wireless and wireline database management, directory assistance/enquiry automation, and wireless handset information delivery to Volt Delta's significant technology portfolio. The acquisition is expected to result in an increase of approximately \$20.0 million in goodwill and intangible assets.

The Company will engage an independent valuation firm to assist in the allocation of the purchase price of the acquisitions.

In December 2005, the credit agreement was amended to consent to the consummation of the acquisition by the Company of the twenty-four (24%) percent interest in Volt Delta owned by Nortel Networks and to modify certain of the financial covenants contained in the Credit Agreement and increase the amount of financing permitted under the Securitization Program.

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE R--Quarterly Results of Operations (Unaudited)

The following is a summary of unaudited quarterly results of operations for the fiscal years ended October 30, 2005 and October 31, 2004. Each quarter contained thirteen weeks.

<TABLE>
<CAPTION>

Fiscal 2005 Quarter				
	First	Second	Third	Fourth
(In thousands, except per share data)				
<S>	<C>	<C>	<C>	<C>
Net sales	\$497,835	\$546,045	\$543,515	\$590,224
Gross profit	\$29,662	\$39,722	\$40,943	\$52,741
Net (loss) income	(\$808)	\$4,527	\$4,966	\$8,355
Net (loss) income-basic	(\$0.05)	\$0.30	\$0.32	\$0.54
Net (loss) income-diluted	(\$0.05)	\$0.29	\$0.32	\$0.54

</TABLE>

<TABLE>
<CAPTION>

Fiscal 2004 Quarter (Note 1)					
	First	Second	Third	Fourth	
(In thousands, except per share data)					
<S>	<C>	<C>	<C>	<C>	
Net sales	\$413,959	\$478,479	\$500,732	\$531,607	
Gross profit	\$24,111	\$34,240	\$43,738	\$50,601	
Income (loss) from continuing operations		(\$1,153)	\$4,608	\$9,239	\$11,502
Discontinued operations, net of taxes		-	9,520	-	-
Net (loss) income	(\$1,153)	\$14,128	\$9,239	\$11,502	
Per share data:					
Income (loss) from continuing operations-basic		(\$0.08)	\$0.31	\$0.61	\$0.75
Income (loss) from continuing operations-diluted		(\$0.08)	\$0.30	\$0.60	\$0.75
Net (loss) income-basic		(\$0.08)	\$0.93	\$0.61	\$0.75
Net (loss) income-diluted		(\$0.08)	\$0.92	\$0.60	\$0.75

</TABLE>

Note 1 - In the fourth quarter of fiscal 2004, the Company recognized a gain on sale of real estate from the sale of land and a building in Anaheim, California for cash. The property was no longer used by the Company.

Historically, the Company's results of operations have been lowest in its first fiscal quarter as a result of reduced requirements for the Staffing Services segment's personnel due to the Thanksgiving, Christmas and New Year holidays as well as certain customer facilities closing for one to two weeks. In addition, the Telephone Directory segment's DataNational division publishes more directories during the second half of the fiscal year. During the third and

fourth quarter of the fiscal year, the Staffing Services segment benefits from a reduction of payroll taxes and increased use of Administrative and Industrial services during the summer vacation period.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

The Company's management is responsible for maintaining adequate internal controls over financial reporting and for its assessment of the effectiveness of internal controls over financial reporting.

The Company carried out an evaluation of the effectiveness of the design and operation of its "disclosure controls and procedures," as defined in, and pursuant to, Rule 13a-15 of the Securities Exchange Act of 1934, as of October 30, 2005 under the supervision and with the participation of the Company's management, including the Company's Chairman of the Board, President and Co-Principal Executive Officer, its Executive Vice President and Co-Principal Executive Officer and its Senior Vice President and Principal Financial Officer. Based on that evaluation and the events described below, management concluded that, as of their evaluation the Company did not maintain effective internal controls over financial reporting as of October 30, 2005, because of the effect of a material weakness in the Company's system of internal controls, based on criteria established in Internal Control--Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria), at a single subsidiary. The subsidiary did not appropriately calculate and reconcile its fixed assets and related depreciation detail records to the amounts recorded in its financial statements and did not properly reconcile the deferred tax liability recorded in its financial statements relating to depreciation timing differences to the supporting documentation. These findings resulted in material adjustments to the consolidated financial statements.

On January 16, 2006, Ernst & Young LLP, the Company's independent registered public accounting firm, issued an unqualified opinion on the Company's financial statements for the fiscal year ended October 30, 2005.

Remediation Efforts Related to the Material Weakness in Internal Controls

The Company's management reviewed and evaluated the design of the control procedure relating to depreciation of assets and reconciliation of the deferred tax liability, and is taking the following actions to remediate the reported material weakness in internal controls over financial reporting by:

- o The creation of additional positions within the affected subsidiary, including an accounting and finance compliance officer, to review and coordinate with the subsidiary controller, the implementation and maintenance of its internal controls over financial reporting.
- o Requiring certain changes to the fixed asset sub-ledgers be reviewed and approved in writing by the subsidiary controller.
- o Adhering to the Company's financial statement closing process monitoring controls and documentation procedures related to the Company's fixed asset and income tax provision policies.

After the completion of the evaluation, the Company began its remediation program to correct the material weakness reported above. The Company's management has discussed this material weakness and initial corrective actions and future plans with the Audit Committee and the Company's Board of Directors who concurred with management.

ITEM 9A. CONTROLS AND PROCEDURES--Continued

Management's Annual Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate "internal control over financial reporting" (as defined in Exchange Act Rule 13a-15(f) and 15d-15(f)). Management, under the supervision and with the participation of the Company's Co-Chief Executive Officers and Chief Financial Officer, evaluated the effectiveness of the Company's internal control over financial reporting using the COSO criteria as of October 30, 2005.

In management's assessment the Company did not maintain effective internal control over financial reporting, as of October 30, 2005, based on the COSO criteria, because of the effect of the material weakness described above.

The Company's independent registered public accounting firm, Ernst & Young LLP, had audited the effectiveness of the Company's internal control over financial reporting and management's assessment of the effectiveness of such controls as of October 30, 2005, as stated in their report which is included herein.

Changes in Internal Control over Financial Reporting

There was no change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

REPORT OF ERNST & YOUNG LLP, INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders
Volt Information Sciences, Inc.

We have audited management's assessment, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting, that Volt Information Sciences, Inc. did not maintain effective internal control over financial reporting as of October 30, 2005, because of the effect of a material weakness in the Company's system of internal control, at a subsidiary, as discussed below, based on criteria established in Internal Control -Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Volt Information Sciences' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to

permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The following material weakness has been identified and included in management's assessment. The Company's subsidiary did not appropriately calculate and reconcile its fixed assets and related depreciation detail records to the amounts recorded in its financial statements. In addition, the Company did not appropriately reconcile the deferred tax liability recorded in its financial statements relating to depreciation

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REPORT OF ERNST & YOUNG LLP--Continued

The Board of Directors and Shareholders
Volt Information Sciences, Inc.--Continued

timing differences at this subsidiary to the supporting documentation. These findings resulted in material adjustments to the consolidated financial statements. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the fiscal 2005 financial statements, and this report does not affect our report dated January 16, 2006 on those financial statements.

In our opinion, management's assessment that Volt Information Sciences, Inc. did not maintain effective internal control over financial reporting as of October 30, 2005, is fairly stated, in all material respects, based on the COSO criteria. Also, in our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, Volt Information Sciences, Inc. has not maintained effective internal control over financial reporting as of October 30, 2005, based on the COSO criteria.

/s/ ERNST & YOUNG LLP

New York, New York
January 16, 2006

ITEM 9B. OTHER INFORMATION

None.

PART III

The information called for by Part III (Items 10, 11, 12, 13 and 14) of Form 10-K will be included in the Company's Proxy Statement for the Company's 2005 Annual Meeting of Shareholders, which the Company intends to file within 120 days after the close of its fiscal year ended October 30, 2005 and is hereby incorporated by reference to such Proxy Statement, except that the information as to the Company's executive officers which follows Item 4 in this Report and the information as to the Company's equity compensation plans contained in the last paragraph of Item 5 in this Report are incorporated by reference into Items 10 and 12, respectively, of this Report.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

15(a)(1). Financial Statements

The following consolidated financial statements of Volt Information Sciences, Inc. and subsidiaries are included in Item 8 of this Report:

<TABLE>

<CAPTION>

Page

<S>	<C> <C>	<C> <C>	<C>	Page
Consolidated Balance Sheets--October 30, 2005 and October 31, 2004			57	
Consolidated Statements of Operations--Years ended October 30, 2005, October 31, 2004 and November 2, 2003			58	
Consolidated Statements of Stockholders' Equity--Years ended October 30, 2005, October 31, 2004 and November 2, 2003			59	
Consolidated Statements of Cash Flows--Years ended October 30, 2005, October 31, 2004 and November 2, 2003			60	
Notes to Consolidated Financial Statements			62	

15(a)(2). Financial Statement Schedule

The following consolidated financial statement schedule of Volt Information Sciences, Inc. and subsidiaries is included in response to Item 15(d):

Schedule II--Valuation and qualifying accounts S-1

Other schedules (Nos. I, III, IV and V) for which provision is made in the applicable accounting regulation of the Securities and Exchange Commission are not required under the related instructions or are not applicable and, therefore, have been omitted.

</TABLE>

15(a)(3). Exhibits

Exhibit Description

- 3.1 Restated Certificate of Incorporation of the Company, as filed with the Department of State of New York on January 29, 1997. (Exhibit 3.1 to the Company's Annual Report on Form 10-K for the fiscal year ended November 1, 1996).
- 3.2* By-Laws of the Company.
- 4.1(a) Receivables Purchase Agreement, dated as of April 12, 2002 among Volt Funding Corp., Three Rivers Funding Corporation and Volt Information Sciences, Inc. (Exhibit 99.1(b) to the Company's Current Report on Form 8-K dated April 22, 2002, File No. 1-9232).
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15(a)(3). Exhibits--Continued
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- 10.5+ Form of Indemnification Agreement (Exhibit 10.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 31, 2005, File No. 1-9232).
- 10.6* Sale and Purchase Agreement dated as of November 12, 2005 among Blitz 05-282 GmbH (now known as Volt Delta GmbH),

varetis AG and varetis solutions GmbH.

- 10.7 Letter of Agreement dated December 28, 2005 among Volt Delta Resources, LLC, Volt Information Sciences, Inc. Volt Delta Resources Holdings, Inc. Nuco I, Ltd. And Nortel Networks, Inc. (Exhibit 99.2 to the Company's Current Report on Form 8-K dated January 4, 2006, File No. 1-9232).
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- 21.* Subsidiaries of the Registrant.
- 23.* Consent of Independent Registered Public Accounting Firm.
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- + Management contract or compensation plan or arrangement.
- * Filed herewith. All other exhibits are incorporated herein by reference to the exhibit indicated in the parenthetical references.

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UNDERTAKING

The Company hereby undertakes to furnish to the Securities and Exchange Commission, upon request, all constituent instruments defining the rights of holders of long-term debt of the Company and its consolidated subsidiaries not filed herewith. Such instruments have not been filed since none are, nor are being, registered under Section 12 of the Securities Exchange Act of 1934 and the total amount of securities authorized under any such instruments does not exceed 10% of the total assets of the Company and its subsidiaries on a consolidated basis.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

VOLT INFORMATION SCIENCES, INC.

Year ended October 30, 2005

Deducted from asset accounts:

<S>	<C>	<C>	<C>	<C>	
Allowance for uncollectable accounts	\$10,210	\$3,838	\$6,521 (a,b)	\$7,527	
Allowance for deferred tax assets	3,948	\$812 (c)	4,760		
Unrealized gain on marketable securities	(60)	(41) (d)	(101)		

Year ended October 31, 2004

Deducted from asset accounts:

Allowance for uncollectable accounts	\$10,498	\$7,784	\$8,072 (a,b)	\$10,210
Allowance for deferred tax assets	3,635	\$313 (c)	3,948	
Unrealized gain on marketable securities	(153)	93 (d)	(60)	

Year ended November 2, 2003

Deducted from asset accounts:

Allowance for uncollectable accounts	\$10,994	\$6,227	\$6,723 (a,b)	\$10,498
Allowance for deferred tax assets	3,756	(\$121) (c)	3,635	
Unrealized (gain) on marketable securities	(12)	(141) (d)	(153)	

</TABLE>

(a)--Includes write-off of uncollectable accounts.

(b)--Includes foreign currency translation gains of \$91 in 2005, \$117 in 2004 and \$22 in 2003.

(c)--Charge to income tax provision.

(d)--Charge (credit) to stockholders' equity.

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INDEX TO EXHIBITS

Exhibit Description

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VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 3.2

BY-LAWS OF THE COMPANY

BY-LAWS
OF
VOLT INFORMATION SCIENCES, INC.

1. MEETINGS OF SHAREHOLDERS

1.1 Annual Meeting: The annual meeting of shareholders shall be held on the third Thursday of March in each year, or as soon thereafter as practicable, and shall be held at a place and time determined by the Board of Directors (the "Board").

1.2 Special Meetings: Special meetings of the shareholders may be called by resolution of the Board or by the President, and shall be called by the President or the Secretary upon the written request (stating the purpose or purposes of the meeting) of a majority of the directors then in office. Only business related to the purposes set forth in the notice of the meeting may be transacted at a special meeting.

1.3 Place of Meetings: Meetings of the shareholders may be held in or outside New York State.

1.4 Notice of Meetings; Waiver of Notice: Written notice of each meeting of shareholders shall be given to each shareholder entitled to vote at the meeting, except that (a) it shall not be necessary to give notice to any shareholder who submits a signed waiver of notice before or after the meeting, and (b) no notice of an adjourned meeting need be given except when required by law. Each notice of meeting shall be given, personally or by mail, not less than 10 nor more than 60 days before the meeting and shall state the time and place of the meeting, and unless it is the annual meeting shall state at whose direction the meeting is called and the purposes for which it is called. If mailed, notice shall be considered given when mailed to a shareholder at his address on the Corporation's records. The attendance of any shareholder at a meeting, without protesting before the end of the meeting the lack of notice of the meeting, shall constitute a waiver of notice by him.

1.5 Quorum: The presence in person or by proxy of the holders of 35% of the shares entitled to vote shall constitute a quorum for the transaction of any business. In the absence of a quorum, a majority in voting interest of those present or, in the absence of all the shareholders, any officer entitled to preside at or to act as secretary of the meeting, may adjourn the meeting until a quorum is present. At any adjourned meeting at which a quorum is present, any action may be taken which might have been taken at the meeting as originally called.

1.6 Voting Proxies: Each shareholder of record may attend meetings and vote either in person or by proxy. Corporate action to be taken by shareholder vote, other than the election of directors, shall be authorized by a majority of the votes cast at a meeting of shareholders, except as otherwise provided by law. Directors shall be elected in the manner provided in Section 2.1 of these By-Laws. Voting need not be by ballot unless requested by a shareholder at the meeting or ordered by the chairman of the meeting. Every proxy must be signed by the shareholder or his attorney-in-fact. No proxy shall be valid after eleven months from its date unless it provides otherwise.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 3.2

BY-LAWS OF THE COMPANY--Continued

1.7 Inspectors of Election: The Board shall have the power to appoint two persons (who need not be shareholders) to act as inspectors of election at each meeting of shareholders. If there are not two inspectors present, ready and willing to act, the chairman presiding at any meeting may appoint a temporary inspector or inspectors to act at such meeting. No candidate for the office of director shall act as an inspector of any election for directors.

1.8 Action by Shareholders Without a Meeting: Any shareholder action may be taken without a meeting if written consent to the action is signed by all shareholders entitled to vote on the action.

1.9 Advance Notification of Proposed Business: To be properly brought before an annual meeting of shareholders, business must be either (1) specified in the notice of annual meeting (or any supplement thereto) given by or at the direction of the Board, (2) otherwise properly brought before the annual meeting by or at the direction of the Board, or (3) otherwise properly brought before the annual meeting by a shareholder. In addition to any other applicable requirements, for business to be properly brought before an annual meeting of shareholders by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, such shareholder's notice of proposed business to be brought before the meeting by a shareholder must be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation not less than one hundred twenty (120) days nor more than one hundred fifty (150) days prior to the one year anniversary of the date of the notice of the annual meeting of shareholders that was held in the immediately preceding year; provided, however, that in the event that the month and day of the annual meeting of shareholders to be held in the current year is changed by more than thirty (30) calendar days from the one year anniversary of the date the annual meeting of shareholders was held in the immediately preceding year, and less than one hundred thirty (130) days' informal notice to shareholders or other prior public disclosure of the date of the annual meeting in the current year is given or made, notice of such proposed business to be brought before the meeting by the shareholder to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which formal or informal notice of the date of the annual meeting of shareholders was mailed or such other public disclosure was made, whichever first occurs. A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and record address of the shareholder proposing such business, (c) the class, series and number of shares of the Corporation's stock which are beneficially owned by the shareholder and (d) a description of all arrangements or understandings between the shareholder and any other person or persons (naming such person or persons) in connection with the proposing of such business by the shareholder, and any material interest of the shareholder in such business. Notwithstanding anything in these By-Laws to the contrary, no business shall be conducted at the annual meeting of shareholders except in accordance with the procedures set forth in this Section of the By-Laws; provided, however, that nothing in this Section of the By-Laws shall be deemed to preclude discussion by any shareholder of any business brought before the annual meeting of shareholders. The Chairman of an annual meeting shall, if the facts warrant, determine and declare to the annual meeting that business was not properly brought before the annual meeting of shareholders in accordance with the provisions of this Section of the By-Laws, and any such business not properly brought before the annual meeting shall not be transacted.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES

EXHIBIT 3.2

BY-LAWS OF THE COMPANY--Continued

1.10 Advanced Notification of Proposed Nominations: Only persons who are nominated in accordance with the following procedures shall be eligible for election as directors at any annual meeting of shareholders. Nominations of persons for election to the Board of the Corporation at the annual meeting of shareholders may be made by or at the direction of the Board, by any committee or persons appointed by the Board or by any shareholder of the Corporation entitled to vote for the election of directors at the meeting who complies with the notice procedures set forth in this Section of the By-Laws. Such nominations, other than those made by or at the direction of the Board, shall be made pursuant to timely notice in writing to the Secretary of the Corporation. To be timely, such shareholder's notice of nominations of persons to serve as directors must be delivered to or mailed and received by the Secretary at the principal executive offices of the Corporation not less than one hundred twenty (120) days nor more than one hundred fifty (150) days prior to the one year anniversary of the date of the notice of the annual meeting of shareholders that

was held in the immediately preceding year; provided, however, that in the event that the month and day of the annual meeting of shareholders to be held in the current year is changed by more than thirty (30) calendar days from the one year anniversary of the date the annual meeting of shareholders was held in the immediately preceding year, and less than one hundred thirty (130) days' informal notice to shareholders or other prior public disclosure of the date of the annual meeting in the current year is given or made to shareholders, notice of such nominations by the shareholder to be timely must be so received not later than the close of business on the tenth (10th) day following the day on which formal or informal notice of the date of the meeting was mailed or such other public disclosure was made, whichever first occurs. Such shareholder's notice to the Secretary shall set forth (1) as to each person whom the shareholder proposes to nominate for election or reelection as a Director, (a) the name, age, business address and residence address of the person, (b) the principal occupation or employment of the person, (c) the class, series and number of shares of capital stock of the Corporation which are beneficially owned by the person, and (d) any other information relating to the person that is required to be disclosed in solicitations of proxies for election of directors pursuant to the Rules and Regulations of the Securities and Exchange Commission under Section 14 of the Securities Exchange Act of 1934, as amended (including such person's written consent to being named in the proxy statement as a nominee and to serving as director if elected); and (2) as to the shareholder giving the notice (a) the name and record address of the shareholder and (b) the class, series and number of shares of capital stock of the Corporation which are beneficially owned by the shareholder. The Corporation may require any proposed nominee to furnish such other information as may reasonably be required by the Corporation to determine the eligibility of such proposed nominee to serve as a director of the Corporation. No person shall be eligible for election as a director of the Corporation unless nominated in accordance with the procedures set forth herein. The Chairman of the meeting shall, if the facts warrant, determine and declare to the meeting that a nomination was not made in accordance with the foregoing procedure, and the defective nomination shall be disregarded.

2. BOARD OF DIRECTORS

2.1 Number, Qualification, Election and Term of Directors: The business of the Corporation shall be managed by the Board, which shall consist of such number of directors, not less than three, nor more than nine, to be fixed from time by the shareholders or a majority of the entire Board. The directors shall be classified with respect to the time during which they shall severally hold office by dividing them into two classes, as

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES EXHIBIT 3.2

BY-LAWS OF THE COMPANY--Continued

nearly equal in number as possible, but in no event shall any class include less than three directors. At the meeting of the shareholders of the Corporation held for the election of the first such classified Board, the directors of the first class shall be elected for a term of one year and the directors of the second class for a term of two years. At each annual meeting of shareholders held thereafter, the successors to the class whose term shall expire that year shall be elected to hold office for a term of two years, so that the term of office of one class of directors shall expire each year. Any newly created directorship or decrease in directorship as authorized by resolution of the Board of Director shall be so apportioned as to make both classes as nearly equal in number as possible. When the number of directors is increased by the Board and any newly created directorship is filled by the Board, there shall be no classification of the additional directors until the next annual meeting of shareholders. No decrease in the number of directors shall shorten the term of any incumbent director. Each director shall be at least 21 years old. Directors shall hold office until the annual meeting at which their term expires and until the election of their respective successors.

2.2 Quorum and Manner of Acting: A majority of the entire Board shall constitute a quorum for the transaction of business at any meeting, except as provided in Section 2.8 of these By-Laws. Action of the Board shall be authorized by the vote of a majority of the directors present at the time of the vote if there is a quorum, unless otherwise provided by law or these By-Laws. In the absence of a

quorum, a majority of the directors present may adjourn any meeting from time to time until a quorum is present. Any one or more members of the Board of Directors or any committee thereof may participate in a meeting of such Board or Committee by means of a conference telephone or similar communications equipment allowing all persons participating in the meeting to hear each other at the same time. Participation by such means shall constitute presence in person at a meeting.

2.3 Place of Meetings: Meetings of the Board may be held in or outside New York State.

2.4 Annual and Regular Meetings: Annual meetings of the Board, for the election of officers and consideration of other matters, shall be held either (a) without notice immediately after the annual meeting of shareholders and at the same place, or (b) as soon as practicable after the annual meeting of shareholders, on notice as provided in Section 2.6 of these By-Laws. Regular meetings of the Board may be held without notice at such times and places as the Board determines. If the day fixed for a regular meeting is a legal holiday, the meeting shall be held on the next business day.

2.5 Special Meetings: Special meetings of the Board may be called by the President or by a majority of the directors then in office. Only business related to the purposes set forth in the notice of meeting may be transacted at a special meeting.

2.6 Notice of Meetings; Waiver of Notice: Notice of the time and place of each special meeting of the Board, and of each annual meeting not held immediately after the annual meeting of shareholders and at the same place, shall be given to each director by mailing it to him at his residence or usual place of business at least three days before the meeting, or by delivering or telephoning or telegraphing it to him at least two days before the meeting. Each notice of a special meeting shall also state the purpose or purposes for which the meeting is called. Notice need not be given to any director who submits a signed waiver of notice before or after

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 3.2
BY-LAWS OF THE COMPANY--Continued

the meeting, or who attend the meeting without protesting the lack of notice to him, either before the meeting or when it begins. Notice of any adjourned meeting need not be given, other than by announcement at the meeting at which the adjournment is taken.

2.7 Resignation and Removal of Directors: Any director may resign at any time. Directors may be removed only as provided in the Certificate of Incorporation. Any or all of the directors may be removed at any time, either with or without cause, by vote of the shareholders and any of the directors may be removed for cause by the Board.

2.8 Vacancies: Any vacancy in the Board, including one created by an increase in the number of directors, may be filled for the unexpired term by a majority vote of the remaining directors, though less than a quorum.

2.9 Compensation: Directors shall receive such compensation as the Board determines, together with reimbursement of their reasonable expenses in connection with the performance of their duties. A director may also be paid for serving the Corporation, its affiliates or subsidiaries in other capacities.

3. COMMITTEES

3.1 Executive Committee: The Board, by resolution adopted by a majority of the entire Board, may designate an Executive Committee of two or more directors which shall have all the authority of the Board, except as otherwise provided in the resolution or by law, and which shall serve at the pleasure of the Board. All action of the Executive Committee shall be reported to the Board at its next meeting. The Executive Committee shall adopt rules of procedure and shall meet as provided by those rules or by resolution of the Board.

3.2 Other Committees: The Board, by resolution adopted by a majority of the

entire Board, may designate other committees of the Board, consisting of two or more directors, to serve at the pleasure of the Board, with such powers and duties as the Board determines.

4. OFFICERS

4.1 Number: The executive officers of the Corporation shall be the Chairman of the Board of Directors, one or more Presidents, one or more Vice Presidents, who may be of different designations, a Secretary, a Treasurer and a General Counsel. Any two or more offices may be held by the same person, except the offices of President and Secretary may not be held by the same person.

4.2 Election; Term of Office: The executive officers of the Corporation shall be elected annually by the Board, and each such officer shall hold office until the next annual meeting of the Board and until the election of his successor.

4.3 Officers: The Board may appoint other officers (including Assistant Secretaries and Assistant Treasurers), agents or employees, each of whom shall hold office for such period and have such powers and duties as the Board determines. The Board may delegate to any executive officer or to any committee the power to appoint and define the powers and duties of any such officers, agents or employees.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES EXHIBIT 3.2

BY-LAWS OF THE COMPANY--Continued

4.4 Resignation and Removal of Officers: Any officer may resign at any time. Any officer elected or appointed by the Board or appointed by an executive officer or by a committee may be removed by the Board either with or without cause.

4.5 Vacancies: A vacancy in any office may be filled for the unexpired term in the manner prescribed in Sections 4.2 and 4.3 of these By-Laws for election or appointment to the office.

4.6 Chairman of the Board of Directors: The Chairman of the Board of Directors shall, when present, preside at all meetings of the Board and at all meetings of shareholders. He shall have the same power as the President to execute contracts and other instruments on behalf of the Corporation except as otherwise provided by law or by the Board, and he shall have such other powers and duties as the Board assigns to him. During the absence or disability of the President, he shall exercise all powers and discharge all the duties of the president.

4.7 Chief Executive Officer and President: The Board may appoint a chief executive officer or two co-chief executive officers, and a President or two co-Presidents. The President shall be the chief executive officer or one of the co-chief executive officers of the Corporation. If there are co-chief executive officers, one shall be the President, and the other shall be the co-President, if there should be one, or a designated Executive Vice President of the Corporation. If there are co-Presidents, they shall be the co-chief executive officers of the Corporation. The chief executive officer or, if there should be two, both co-chief executive officers jointly shall have general supervision over the business and affairs of the Corporation. In the absence of the Chairman of the Board of Directors, the chief executive officer, or if there is more than one, the most senior chief executive officer in term of service who is present, shall preside at all meetings of the Board and meetings of shareholders. The chief executive officer or the co-chief executive officers shall have the power to execute contracts and other instruments of the Corporation and such other powers and duties as the Board assigns to him or them.

4.8 Vice Presidents: Each Vice President shall have such powers and duties as the Board or the President assigns to him.

4.9 Secretary: The Secretary shall record the minutes of all meetings of the Board and of the shareholders, shall be responsible for giving notice of all meetings of shareholders and of the Board, shall keep the seal of the Corporation and, in proper cases, shall apply it to any instrument requiring it and attest it. He shall have such other duties as the Board or the President assigns to him. In the absence of the Secretary from any meeting, the minutes shall be recorded by the person appointed for that purpose by the presiding

officer.

4.10 Treasurer: The Treasurer shall be the chief financial and accounting officer of the Corporation. Subject to the control of the Board and the President, the Treasurer shall have charge of the Corporation's funds and securities and the Corporation's receipts and disbursements. He shall have such other powers and duties as the Board or the President assigns to him.

4.11 General Counsel: The General Counsel shall be the chief legal officer of the Corporation.

4.12 Salaries: The Board may fix the officers' salaries or it may authorize the President or co-President jointly to fix the salary of any other officer.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES

EXHIBIT 3.2

BY-LAWS OF THE COMPANY--Continued

5. SHARES

5.1 Certificates: The shares of the Corporation shall be represented by certificates in the form approved by the Board.

5.2 Transfers: Shares shall be transferable only on the Corporation's books, upon surrender of the certificate for the shares, properly endorsed. The Board may require satisfactory surety before issuing a new certificate claimed to have been lost or destroyed.

5.3 Determination of Shareholders of Record: The Board may fix, in advance, a date as the record date for the determination of shareholders entitled to notice of or to vote at any meeting of the shareholders, or to express consent to or dissent from any proposal without a meeting, or to receive payment of any dividend or the allotment of any rights, or for the purpose of any other action. The record date may not be more than 60 nor less than 10 days before the date of the meeting, nor more than 60 days before any other action.

6. INDEMNIFICATION

6.1 General: Any person made, or threatened to be made, a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, and including an action by or in the right of the Corporation or of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise to procure a judgment in its respective favor (any such action, suit or proceeding is hereinafter referred to as an "Action"), by reason of the fact that such person or such person's testator or intestate (a) is or was a director or officer of the Corporation, or (b) is or was serving any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise in any capacity at the request of the Corporation, shall be indemnified by the Corporation against judgments, fines, amounts paid in settlement and reasonable expenses (including attorney's fees) incurred in connection with the defense or as a result of an Action or in connection with any appeal therein; provided that no indemnification shall be made to or on behalf of any director or officer if a judgment or other final adjudication adverse to such director or officer establishes that (i) his or her acts were committed in bad faith or were the result of active and deliberate dishonesty and, in either case, were material to the cause of action so adjudicated, or (ii) he or she personally gained in fact a financial profit or other advantage to which he or she was not legally entitled. The Corporation may indemnify and advance expenses to any other person to whom the Corporation is permitted to provide indemnification or the advancement of expenses to the fullest extent permitted by applicable law, whether pursuant to rights granted pursuant to, or provided by, the New York Business Corporation Law or other law, or other rights created by an agreement approved by the Board, or resolution of shareholders or the Board, and the adoption of any such resolution or the entering into of any such agreement approved by the Board is hereby authorized.

6.2 Expense Advances: The Corporation shall, from time to time, advance to any director or officer of the Corporation expenses (including attorney's fees) incurred in defending any Action in advance of the final disposition of such Action; provided that no such advancement shall be made until receipt of any undertaking by or on behalf of such director or officer to repay such amount as,

and to the extent, required by law.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES

EXHIBIT 3.2

BY-LAWS OF THE COMPANY--Continued

6.3 Procedure for Indemnification: Indemnification and advancement of expenses under this Section 6 shall be made promptly and, in any event, no later than 45 days following the request of the person entitled to such indemnification or advancement of expenses hereunder. The Board shall promptly (but, in any event, within such 45-day period) take all such actions (including, without limitation, any authorizations and findings required by law) as may be necessary to indemnify, and advance expenses to, each person entitled thereto pursuant to this Section 6. If the Board is or may be disqualified by law from granting any authorization, making any finding or taking any other action necessary or appropriate for such indemnification or advancement, then the Board shall use its best efforts to cause appropriate person(s) to promptly so authorize, find or act.

6.4 Insurance: The Corporation shall be permitted to purchase and maintain insurance for its own indemnification and that of its directors and officers and any other proper person to the maximum extent permitted by law.

6.5 Non-Exclusivity: Nothing contained in this Section 6 shall limit the right of indemnification and advancement of expense to which any person would be entitled by law in the absence of this Section 6, or shall be deemed exclusive of any rights to which those seeking indemnification or advancement of expenses may have or hereafter be entitled under any law, provision of the Certificate of Incorporation, By-Law, agreement approved by the Board, or resolution of shareholders or directors, and the adoption of any such resolution or entering into of any such agreement approved by the Board is hereby authorized.

6.6 Continuity of Rights: The indemnification and advancement of expenses provided by, or granted pursuant to, this Section 6 shall (i) continue as to a person who has ceased to serve in a capacity which would entitle such person to indemnification or advancement of expenses pursuant to this section 6 with respect to acts or omissions occurring prior to such cessation, (ii) inure to the benefit of the heirs, executors and administrators of a person entitled to the benefits of this Section 6 (iii) apply with respect to acts or omissions occurring prior to the adoption of this Section 6 to the fullest extent permitted by law and (iv) survive the full or partial repeal or restrictive amendment hereof with respect to events occurring prior thereto. This Section 6 shall constitute a contract between the Corporation and each person eligible for indemnification or advancement of expenses hereunder, pursuant to which contract the Corporation and each person intend to be legally bound.

6.7 Enforcement: The right to indemnification and advancement of expenses provide by this Section 6 shall be enforceable by any person entitled to indemnification or advancement of expenses hereunder in any court of competent jurisdiction. In such an enforcement action the burden shall be on the Corporation to prove that the indemnification and advancement of expenses being sought are not appropriate. Neither the failure of the Corporation to determine whether indemnification or the advancement of expenses is proper in the circumstances nor an actual determination by the Corporation thereon adverse to the person seeking such indemnification or advancement shall constitute a defense to the action or create a presumption that such person is not so entitled. Without limiting the scope of Section 6.1 (a) a person who has been successful on the merits or otherwise in the defense of an Action shall be entitled to indemnification as authorized in Section 6.1 and (b) the termination of any Action by judgment, settlement, conviction or plea of nolo contendere or its equivalent shall not in itself create a presumption that such person has not met the standard of conduct set forth in Section

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES

EXHIBIT 3.2

BY-LAWS OF THE COMPANY--Continued

6.1. Such person's reasonable expenses incurred in connection with successfully establishing such person's right to indemnification or advancement of expenses, in whole or in part, in any such proceeding shall also be indemnified by the Company.

6.8 Severability: In this section 6 or any portion hereof shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation nevertheless shall indemnify and advance expense to each person otherwise entitled thereto to the fullest extent permitted by any applicable portion of this Section 6 that shall not have been invalidated.

7. MISCELLANEOUS

7.1 Seal: The seal of the Corporation shall be in the form of a circle and shall bear the Corporation's name and the year (1957) and state (New York) in which it was incorporated.

7.2 Fiscal Year: The Board may determine the Corporation's fiscal year. Until changed by the Board, the Corporation's fiscal year shall end on the Sunday closest to October 31 of each year.

7.3 Voting of Shares in Other Corporations: Shares in other corporations which are held by the Corporation may be represented and voted by the President or a Vice President or by a proxy or proxies appointed by one of them. The Board may, however, appoint some other person to vote any such shares.

7.4 Amendments: Any By-Law may be amended, repealed or adopted by the shareholders or by a majority of the entire Board, but any By-Law adopted by the Board may be amended or repealed by the shareholders. If a By-Law regulating elections of directors is amended, repealed or adopted by the Board, the notice of the next meeting of shareholders shall set forth the By-Law so amended, repealed or adopted together with a concise statement of the changes made.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 4.1(f)
CONSENT AND FIRST AMENDMENT TO THE SECOND AMENDED AND
RESTATED CREDIT AGREEMENT

CONSENT AND FIRST AMENDMENT

CONSENT AND FIRST AMENDMENT, dated as of November 15, 2005 (this "Amendment"), to the Second Amended and Restated Credit Agreement dated as of April 11, 2005 (the "Credit Agreement") among Volt Information Sciences, Inc., Gatton Volt Consulting Group Limited, the Guarantors party thereto, the Lenders party thereto and JPMorgan Chase Bank, N.A., as Administrative Agent (the "Agent"). Unless the context requires otherwise, capitalized terms used herein without definition shall have the meanings ascribed to them in the Credit Agreement.

R E C I T A L S

WHEREAS, Blitz 05-282 GmbH (the "Buyer"), a newly organized German Subsidiary of the Domestic Borrower (and in the process of being renamed "Volt Delta GmbH"), has entered into a certain Share Purchase Agreement, dated as of November 1, 2005 and more fully described on Schedule A hereto (the "Purchase Agreement"), with varetis AG (the "Seller"), pursuant to which the Buyer has agreed, subject to the terms and conditions contained therein, to acquire all of the stock of the Seller's wholly-owned subsidiary, Varetis Solutions GmbH ("Solutions");

WHEREAS, the Domestic Borrower is required to guaranty the Buyer's obligations under the Purchase Agreement and, under the terms of such guaranty, may replace that guaranty with a substantially similar guaranty issued by Delta;

WHEREAS, the Domestic Borrower has requested certain consents under the Credit Agreement in connection with the transactions contemplated by the Purchase Agreement (the "Varetis Transaction"), as well as an amendment to the definition of "Consolidated Tangible Net Worth" as contained in Section 1.01 of the Credit Agreement; and

WHEREAS, the Required Lenders are willing to agree to such amendment and to grant such consents on the terms and conditions hereinafter set forth.

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. CONSENT

1.1. The Required Lenders hereby consent to the Varetis Transaction (including the Buyer's execution and delivery of the Purchase Agreement and its performance of its respective obligations thereunder) as referenced herein and more fully described on Schedule A hereto, and hereby waive the application of the corresponding provisions of the Credit Agreement with respect thereto to the extent inconsistent therewith.⁽¹⁾ The Required Lenders are granting this consent subject to, and in strict reliance on, the representations and warranties set forth in Section 3.2(e) hereof.

(1) Without limiting the generality of the accompanying text, the consent herein granted is intended to permit such transactions notwithstanding any limitation that otherwise might apply under Credit Agreement Section 6.07 (dealing with affiliate transactions).

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 4.1(f)
CONSENT AND FIRST AMENDMENT TO THE SECOND AMENDED AND
RESTATED CREDIT AGREEMENT--Continued

II. AMENDMENTS

2.1. The definition of "Consolidated Tangible Net Worth" in Section 1.01 of the Credit Agreement is amended and restated to read in its entirety as follows:

"Consolidated Tangible Net Worth" means at any time as of which the amount thereof is to be determined: (a) owner's equity (determined on a consolidated basis in accordance with GAAP), including (without limitation) other comprehensive income; minus (b) intangible assets. Clause (a) shall be determined excluding any net gains or net losses (after taxes), from and after the Effective Date, from non-operating sources.

III. MISCELLANEOUS

3.1. As of the effectiveness of this Amendment, the Borrowers, the Guarantors and the Collateral Grantor Subsidiaries hereby reaffirm their obligations under the Credit Agreement, the Guaranty of Payment, the Subsidiary Security Agreement and the other Credit Documents, as applicable.

3.2. Each Borrower and each Guarantor (subject, mutatis mutandis, to Section 9.17 of the Credit Agreement) hereby represents and warrants, as of the date hereof, that:

(a) The execution, delivery and performance of each Borrower, each Guarantor and each Collateral Grantor Subsidiary (as applicable) of this Amendment and any other agreement, instrument or document executed and delivered in connection with this Amendment: (i) is within its corporate powers, (ii) has been duly authorized by all necessary corporate action, (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 (including, without limitation, those under the Purchase Agreement);

(b) This Amendment (and the Credit Agreement as amended hereby) constitute its legal, valid and binding obligation, enforceable against it (where such Borrower, such Guarantor or such Collateral Grantor Subsidiary 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 and the Purchase Agreement (and any other agreements made pursuant to the Purchase Agreement) and to the transactions contemplated hereby and thereby: (i) there is no Default; and (ii) all obligations of the Borrowers, the Guarantors and the Collateral Grantor Subsidiaries under or in connection with the Credit Agreement, as amended hereby, and the other Credit Documents, are payable in accordance with the terms of the Credit Agreement as amended hereby, and the other Credit Documents, without any defense, setoff or counterclaim of any kind;

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES

EXHIBIT 4.1(f)

CONSENT AND FIRST AMENDMENT TO THE SECOND AMENDED AND RESTATED CREDIT AGREEMENT--Continued

(d) The representations and warranties of each Borrower, each Guarantor and each Collateral Grantor Subsidiary appearing in the Credit Documents were true and correct in all material respects as of respective the dates when made and, after giving effect to this Amendment, 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; and

(e) The description of the Purchase Agreement and the Varetis Transaction, as set forth on Schedule A hereto, is in all material respects a true and correct summary description, and will continue to be true and

correct in all material respects upon the effectiveness of this Amendment.

3.3. 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 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).

3.4. 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, the Guarantors and the Collateral Grantor Subsidiaries 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 3.4 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.

3.5. Each of the parties hereto agree and acknowledge that the Credit Agreement, as amended hereby, and the other Credit Documents (including, without limitation, all security interests thereunder), are hereby ratified and confirmed in all respects, 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.

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

3.7. 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.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 4.1(f)
CONSENT AND FIRST AMENDMENT TO THE SECOND AMENDED AND
RESTATED CREDIT AGREEMENT--Continued

3.8. 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.

3.9. 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.

3.10. This Amendment shall become effective as of the date when each of the following conditions shall have been satisfied, provided that such conditions are satisfied on or before November 15, 2005:

(a) The Administrative Agent shall have received counterparts of (i) this Amendment executed and delivered by the Required Lenders, each of the Borrowers, the Guarantors and the Administrative Agent; and

(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).

The Administrative Agent shall notify the Borrowers, the Guarantors and the Lenders of the date when the consent (and waivers) and the amendment embodied herein shall have become effective, and any such notice shall be conclusive and binding. The Administrative Agent is authorized to fill in such effective date

at the outset of this Amendment.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 4.1(f)
CONSENT AND FIRST AMENDMENT TO THE SECOND AMENDED AND
RESTATED CREDIT AGREEMENT--Continued

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>
<CAPTION>

<S> JPMORGAN CHASE BANK, N.A., as a Lender, Issuing Bank and Administrative Agent <C> GATTON VOLT CONSULTING GROUP LIMITED

By: _____ By: _____
Name: _____ Name: _____
Title: _____ Title: Vice President

MELLON BANK, N.A., as a Lender VOLT TELECOMMUNICATIONS GROUP, INC.

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

WELLS FARGO BANK, N.A., as a Lender VOLT DIRECTORIES S.A., LTD.

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

LLOYD TSB BANK PLC, as a Lender DATANATIONAL OF GEORGIA, INC.

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

By: _____ VMC CONSULTING CORPORATION
Name: _____ By: _____
Title: _____
Name: _____
Title: _____

BANK OF AMERICA, N.A. (successor by merger to Fleet National Bank) DATANATIONAL, INC.

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

VOLT INFORMATION SCIENCES, INC.

By: _____
Name: _____
Title: _____
</TABLE>

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.4(a)
EMPLOYMENT AGREEMENT BETWEEN THE COMPANY AND THOMAS DALEY

EMPLOYMENT AGREEMENT

Social Security No. _____ Employee's Dept I.D. _____

This Employment Agreement ("Agreement") between Volt Information Sciences Inc. (hereinafter the "Company") and Tom Daley (hereinafter called "Employee") shall be effective commencing with the Company's fiscal year 2004. Whereas, Employee is and at all times has been employed by the Company pursuant to the following terms and conditions and for good and valuable consideration acknowledged herein, as an officer and employee of the Company, the parties hereby agree as follows:

1. AT-WILL EMPLOYMENT. The Company and Employee agree that employment is at all times "at-will" continuing for an indefinite period, subject to termination at any time by either Employee or the Company for any reason, with or without cause, by giving notice to the other, and employment shall terminate upon the giving of such notice. For purposes of this Agreement, the period during which Employee works for the Company will be called the "Term of Employment". The parties understand and agree that nothing contained in this Agreement is intended to constitute a contract of continued employment. Either party may cancel or terminate Employee's employment at any time, for any reason, with or without cause. Any amendment, modification or variation in terms of this paragraph must be in writing and signed on behalf of the Company by its President or Executive Vice President; no other officer or employee is authorized to amend, modify or vary this paragraph.

2. SCOPE OF EMPLOYMENT. As of the effective date of this Agreement, during the Term of Employment, Employee will serve as a Senior Vice President of the Company, with certain responsibilities for the subsidiaries/divisions/segments/departments set forth in Attachment I affixed hereto (hereinafter collectively referred to as "Employee's Corporate Dominion"), which are designated by the Company departmental identification number(s). The Company's job description for Employee's position may be modified from time to time, as designated by the Company, at the Company's sole discretion. The Company may change Employee's title, duties, location of work and/or responsibilities at any time. Employee agrees to devote Employee's full time services to the best of Employee's ability, using Employee's best efforts, to promote the interests and business of the Company. Employee agrees to comply with all rules, policies and procedures of the Company and Employee agrees not to engage in any type of activity which is or may be contrary to the welfare, interests, business or benefit of the Company or the business conducted by the Company now or in the future. Employee further understands and agrees that a condition of Employee's employment is to meet performance goals as established by the Company. These performance goals may be adjusted by the Company, in writing to Employee, from time to time.

Employee represents and warrants that there are no written or oral contracts or any other impediment which would inhibit or prohibit the employment herein provided for, and that Employee will not utilize any trade secret, confidential information, or other intellectual property right of another party in the performance of Employee's duties hereunder.

3. COMPENSATION. In consideration for all services to be performed hereinafter the effective date of this Agreement by Employee during Employee's Term of Employment, and provided that Employee has acted, and continues to act, in accordance with the provisions of this Agreement and the Company's policies, Employee's employment compensation shall be as follows:

A. SALARY - The Company will pay Employee a salary at a rate of two hundred fifty thousand dollars and no cents (\$250,000.00) per annum, which is to be paid to Employee on a weekly basis, plus increases, if any, at the Company's sole discretion. Employee's compensation may be altered and revised in writing by the Company without affecting the remainder of the Agreement covenants, all of which shall remain in full force and effect.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.4(a)

EMPLOYMENT AGREEMENT BETWEEN THE COMPANY AND THOMAS DALEY--Continued

B. INCENTIVES - In addition to the salary paid by the Company, Employee may be eligible to receive incentive compensation, if any, pursuant to the Company's then current Incentive Plan, in effect at the time for Employee's position, (hereinafter the "Incentive Plan"), set forth below, which the Company may modify, alter, replace, change or amend, at the Company's sole discretion, on at least fifteen (15) days prior written notice to Employee.

(i) Employee shall be entitled to be paid quarterly incentives, based on the aggregate profit and loss statements for those subsidiaries/divisions/segments/departments in Employee's Corporate Dominion, which the Company may modify, alter, replace, change or amend, at the Company's sole discretion, at .27% of the aggregate net income for Employee's Corporate Dominion per fiscal quarter, pursuant to the Incentive Plan, (hereinafter "Incentives"). Net Income is calculated in accordance with generally accepted accounting principles and Incentives shall be computed consistent with the Company's standard accounting methods and procedures, pursuant to the following Incentive Plan formula:

[Total aggregate fiscal quarterly Sales for each and every subsidiary/division/segment/department in Employee's Corporate Dominion {minus} Total Direct Costs = Gross Margin {minus} Overhead Costs {minus} Local and Corporate General and Administrative Expenses {plus} Work Opportunity Tax Credit] = Net Income {multiply} .0027 (or .27%) = Incentives.

(ii) Incentives are computed from the profit and loss statement calculation of Net Income for each and every subsidiary/division/segment/department in Employee's Corporate Dominion, which may be either a positive or negative amount. Employee is entitled to receive an aggregate of the Incentives earned which are debited or credited in a consolidated profit and loss statement for the fiscal quarter for all subsidiaries/divisions/segments/departments in Employee's Corporate Dominion. Aggregate Net Income losses for Employee's Corporate Dominion shall carry forward in the computations from the first to the second fiscal quarter and the third to the fourth fiscal quarter, for purposes of determining the aggregate Incentives to which Employee is entitled for these fiscal quarters.

(iii) Incentives shall be accrued and paid to Employee quarterly pursuant to the Incentive Plan. Incentive payments will cease as of the final quarter of employment termination and will be paid to Employee only through the last full fiscal quarter actually worked by Employee prior to Employee's employment termination from the Company. Incentive payments for the first three fiscal quarters of the Company's fiscal year shall be paid to Employee approximately forty-five (45) days following the close of the fiscal quarter and for the fourth quarter an estimated ninety (90) days after the close of the fiscal year.

C. YEAR END IMPROVEMENT BONUS - In addition to the salary and Incentives compensation set forth above, Employee may be eligible to receive a Year End Improvement Bonus, if any, pursuant to the Company's then current Fiscal Year End Improvement Bonus Plan, in effect at the time and applicable for Employee's position (hereinafter the "Improvement Bonus Plan"). The Company may modify, alter, replace, change or amend, from time to time, at the Company's sole discretion, on fifteen (15) days prior written notice to Employee.

(i) Employee shall be eligible to be paid an Improvement Bonus pursuant to this section, based upon the increase of the aggregate Net Income for all subsidiaries/divisions/segments/departments in Employee's Corporate Dominion for the Company's fiscal year, as compared with that of the immediately preceding Company Fiscal Year for the same subsidiaries/divisions/segments/departments. For purposes of determining the Improvement Bonus, the Company Fiscal Year Net Income for Employee's Corporate Dominion shall be comprised of the aggregate

monthly Net Incomes for each and every subsidiary/division/segment/department identified on Attachment I during the Current Company Fiscal Year, as compared with the immediately preceding Company Fiscal Year for the same subsidiaries/divisions/segments/departments. At the Company's sole discretion,

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.4(a)

EMPLOYMENT AGREEMENT BETWEEN THE COMPANY AND THOMAS DALEY--Continued

subsidiaries/divisions/segments/departments can be added to or removed from Employee's Corporate Dominion. Net Income for added or removed subsidiaries/divisions/segments/departments will be included into the aggregate Current Company Fiscal Year Net Income for Employee's Corporate Dominion only for those fiscal months that each remained designated in Employee's Corporate Dominion and compared to the monthly Net Income for the corresponding fiscal time period of the previous year for said subsidiaries/divisions/segments/departments.

(ii) If Current Company Fiscal Year Net Income for Employee's Corporate Dominion is a positive number, and exceeds the preceding Company Fiscal Year's aggregate Net Income for Employee's Corporate Dominion, by five percent (5%) or more, then Employee shall be entitled to one percent (1%) of the Net Income improvement (hereinafter "Improvement Bonus" or "Bonus"). The Net Income Difference and Net Income Differential (hereinafter defined below) are calculated in accordance with generally accepted accounting principles and the Improvement Bonus shall be computed consistent with the Company's standard accounting methods and procedures, pursuant to the following Improvement Bonus Plan step formula:

Step 1: For each and every subsidiary/division/segment/department in Employee's Corporate Dominion during the Current Company Fiscal Year, total all fiscal month Net Incomes for such subsidiaries/divisions/segments/departments for the Current Company Fiscal Year, which will then equal the Current Fiscal Year Dominion Net Income;

Step 2: Total all fiscal month Net Incomes for these same subsidiaries/divisions/segments/departments, from the immediately preceding Company Fiscal Year for the same fiscal months identified in Step 1 above, which will then equal the Preceding Fiscal Year Dominion Net Income;

Step 3: Subtract the Preceding Fiscal Year Dominion Net Income from the Current Fiscal Year Dominion Net Income = Net Income Difference;

Step 4: Net Income Difference {minus} [Preceding Fiscal Year Dominion Net Income {multiply}.05 (or 5%)] = Net Income Differential;

Step 5: Net Income Differential {multiply} .01 (or 1%) = Improvement Bonus.

For example, if the Current Company Fiscal Year Dominion Net Income is \$750,000, minus the Preceding Company Fiscal Year Dominion Net Income of \$500,000, this equals a difference of \$250,000; then minus \$25,000 (which is 5% of \$500,000 for the Preceding Company Fiscal Year Dominion Net Income), which equals \$225,000, and then multiply by 1%, equals \$2,250.00.

Or;

For another example, if the Current Company Fiscal Year Dominion Net Income is \$100,000, minus the Preceding Company Fiscal Year Dominion Net Income of (-\$50,000), this equals a difference of \$150,000, minus (-\$2,500), (which is 5% of (-\$50,000) for the Preceding Company Fiscal Year Dominion Net Income), which equals \$147,500, and then multiply by 1%, equals \$1,475.00.

(iii) Employee shall be eligible to receive the Improvement Bonus only through the last full Company Fiscal Year actually worked by Employee in the applicable title/position identified herein, prior to Employee's employment termination from the Company. The Improvement

Bonus shall be based upon the Net Income from the final Company Fiscal Year profit and loss statements for Employee's Corporate Dominion. The Improvement Bonus shall only be considered earned by Employee during Employee's Term of Employment and is payable to Employee approximately an estimated ninety (90) days after the close of the Company Fiscal Year.

D. INCENTIVE AND IMPROVEMENT BONUS PLANS (the "Plans") CONDITIONS

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES

EXHIBIT 10.4(a)

EMPLOYMENT AGREEMENT BETWEEN THE COMPANY AND THOMAS DALEY--Continued

(i) Incentives/Bonuses are a form of additional compensation payable only during the Employee's Term of Employment by the Company. Employee's eligibility for and right to receive Incentives and Bonuses are strictly conditioned on Employee's continued employment with the Company and actually performing services for the Company, for the entire applicable fiscal quarter or year, respectively, including but not limited to servicing of accounts, maintaining ongoing client contacts, assisting with the collection of customer account sales revenues, expanding business opportunities, increasing usage of the Company's employees and services, securing new business, and other similar services.

(ii) The administration of the Incentive and Improvement Bonus Plans, including all interpretations thereof, are the responsibility of the Company's Chief Financial Officer, subject to the final approval of the Company's Executive Vice President. The Company's determination regarding Incentives shall be final and binding on the parties hereto.

(iii) Any dispute as to sales allocations or assessment of costs for purposes of Incentives/Bonuses shall be brought to the attention of the Company's Chief Financial Officer for resolution and shall be decided by the Company's Executive Vice President, whose decision shall be final and binding.

(iv) The Company does not authorize anyone to make an oral promise or oral agreement as to Incentives/Bonuses and no employee may rely on any oral agreement or representation by anyone as to their Incentives/Bonuses compensation. Employee's compensation may only be altered and revised in writing by the Company, signed by the President or Executive Vice President of the Company, without affecting the remainder of the Agreement covenants, all of which shall remain in full force and effect.

(v) It shall be Employee's responsibility to review the Company's accounting reports related to the Incentives and/or Bonuses. Should Employee dispute the sales allocations or assessment of costs, for purposes of Bonuses/Incentives (for example, customer sales or deductions are erroneously omitted or included or Employee disagrees with the assessment of costs or for any other reason), Employee must notify the Company's Chief Financial Officer, in writing, within one hundred twenty (120) days following the close of the fiscal quarter/year in question, as to the specifics of any discrepancy, Incentives/Bonuses dispute or adjustment of the sales allocation or assessment of costs, such that the data used for the calculations for Incentives or Bonuses may be properly and timely credited or debited. Employee's entitlement to any and all disputed or unpaid Incentives/Bonuses, is expressly conditioned upon Employee's compliance with the terms of this paragraph.

E. If Employee remains in the employ of the Company after the effective date of any alteration, revision or change in Employee's compensation, including but not limited to modifications to the Incentive or Improvement Bonus Plans, Employee shall conclusively be deemed to have accepted and agreed to such modified terms and conditions for Employee's employment compensation. All other terms and conditions of the Agreement shall remain in full force and effect.

F. During Employee's Term of Employment, Employee shall be entitled to the use of a company owned car, which is at all times at the Company's sole

discretion.

- G. Employee will receive such other benefits regularly provided to similarly situated employees of the Company, commensurate with Employee's position, pursuant to standard Company policy, which is subject to change by the Company at any time, in its sole discretion.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.4(a)

EMPLOYMENT AGREEMENT BETWEEN THE COMPANY AND THOMAS DALEY--Continued

- H. All Employee compensation payments will be subject to such deductions by the Company as the Company is from time to time permitted or required to make pursuant to law, government regulations or order, or by agreement with Employee. Such payments may be made by check or checks of the Company, or any of its parents, subsidiaries or affiliates as the Company may, from time to time, find proper and appropriate.
4. NON-DISCLOSURE. Employee agrees that at no time will Employee use for Employee's own benefit nor directly or indirectly make known or divulge to any other person, firm or corporation, any confidential information or trade secret of the Company (as defined by any and all applicable trade secrets acts or comparable laws), or of any of the Company's customers, including but not limited to:
- (a) The names and addresses of any of the customers or patrons of the Company (whether such customers or patrons have been obtained by Employee or otherwise), customer lists, customer contacts, customer requirements and markup rates and/or pricing ; or
 - (b) Any information concerning the Company's methods of conducting business, obtaining customers, proposal preparation or content or Company operations; or
 - (c) The names, addresses, telephone numbers, skills, duties, performance evaluations or compensation of any Employees of the Company; or
 - (d) Any other confidential information or trade secret of the Company or any of the Company's customers, learned or acquired by Employee during the Term of Employment.
5. RETURN OF PROPERTY. The original and all copies of all software, files, records, drawings, specifications, customer and/or employee contacts/lists and other documents of any nature whatsoever, whether prepared by Employee or otherwise coming into Employee's possession while employed by the Company, are and shall remain the exclusive property of the Company and may not be used except as required in the course of employment by the Company. On termination of Employee's employment, and regardless of the reason for termination, Employee will immediately return to the Company any and all Company property and all other material which Employee was given or had access to during the Term of Employment.
6. WAIVER OF JURY TRIAL. Employee and the Company each hereby agree to waive our respective right to trial by jury in any lawsuit or cause of action between Employee and the Company and/or the Company's other employees.
7. AGREEMENT TO ARBITRATE DISPUTES. Any dispute, controversy or claim arising out of, involving, affecting or related to this Agreement, or breach of this Agreement, or arising out of, involving, affecting or related in any way to Employee's employment or the conditions of employment or the termination of Employee's employment, including but not limited to disputes, controversies or claims arising out of or related to the actions of the Company's other employees, under Federal, State and/or local laws, and/or other such similar laws or regulations, shall be resolved by final and binding arbitration, pursuant to the Federal Arbitration Act, in accordance with the applicable rules of the American Arbitration Association in the state where Employee is or was last employed by the Company. The arbitrator shall be entitled to award reasonable attorney's fees and costs to the prevailing party. The award shall be in writing, signed by the arbitrator, and shall provide the reasons for the award. Judgment upon the arbitrator's award may be filed in and enforced by any

court having jurisdiction. This Agreement to Arbitrate Disputes does not prevent Employee from filing a charge or claim with any governmental administrative agency as permitted by applicable law.

8. INVENTIONS. As between Employee and the Company, all discoveries, ideas, creations, inventions and properties (collectively called "Discoveries") written or oral which are (a) created, developed, invented or used by Employee during Employee's Term of Employment, whether or not created, conceived, discovered and/or developed by

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES

EXHIBIT 10.4(a)

EMPLOYMENT AGREEMENT BETWEEN THE COMPANY AND THOMAS DALEY--Continued

Employee during regular working hours; or which are (b) created, developed, invented, or used by the Company, whether or not in connection with Employee's employment by the Company, will be the sole and absolute property of the Company for any and all purposes whatsoever, in perpetuity. Employee will not have, and will not claim to have, any right, title or interest of any kind of nature whatsoever in or to any such Discoveries.

The previous paragraph does not apply to any Discoveries for which no equipment, supplies, facility or trade secret information of the Company or any customer was used and which was developed entirely on Employee's own time, and (i) which does not relate to the business of the Company or to the Company's or customer's actual or demonstrably anticipated research or development; or (ii) which does not result from any work performed for the Company and its customers. Employee further agrees that during the Term of Employment, all inventions being developed by Employee shall be identified to the Company. Upon request by the Company, Employee will disclose any such invention to the Company (by a full and clear description) for the purpose of determining the Company's rights therein.

9. COVENANT NOT TO SOLICIT/COMPETE. Employee acknowledges that the Company has made and will continue to make significant investments in order to maintain and develop its business, and that in order to enable Employee to do Employee's job better, the Company will disclose to Employee confidential information concerning its techniques and methods of obtaining and servicing its customers and pricing information, and specific needs of its customers, and that the Company will extend to Employee the opportunity to develop personal contacts with its present and potential customers. Employee further acknowledges that the methods employed in the Company's business are such that place Employee in close business and personal contact with the Company's customers. Accordingly, unless otherwise prohibited by law, Employee agrees as follows:

- (a) During the Term of Employment Employee will not directly or indirectly engage in a business which is similar to the type of business conducted by the Company or competes with the Company, or any of its parents, or its or their subsidiaries or affiliates in any way.
- (b) In those states which will enforce covenants not to compete, for a period of one (1) year after the Term of Employment ends (regardless of the reason that Employee's employment terminates), Employee will not, directly or indirectly, either for Employee or for any other person, firm, company, or corporation, engage in a business similar to the type of business conducted by the Company, nor competes with the Company, (i) within a radius of fifty (50) miles from the last Company office at which Employee was last employed; or (ii) within a radius of fifty (50) miles from each of the Company offices over which Employee had managerial and/or administrative responsibilities at any time during the one (1) year period prior to Employee's termination of employment with the Company, whichever is greater.
- (c) For the one (1) year period after the termination of the Term of Employment, (and regardless of the reason that Employee's employment terminates), Employee will not, directly or indirectly, either for Employee or for any other person, firm, company or corporation;

- (1) Call upon, solicit, divert, or take away or attempt to solicit, divert or take away any of the customers, business or patrons of the Company; or
- (2) Call upon, solicit or attempt to solicit business from any person, firm, company or corporation which has communicated with or has been solicited by the Company during the one (1) year period prior to the termination of the Term of Employment; or
- (3) Hire or employ any employee of the Company, nor advise, solicit or encourage any employees of the Company to leave its employ.
- (d) In addition, Employee agrees that Employee will not at any time during or after the termination of this Agreement, engage in any business which uses as its name, in whole or in part, the name "Volt" or any other name used by the Company during the Term of Employment.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.4(a)

EMPLOYMENT AGREEMENT BETWEEN THE COMPANY AND THOMAS DALEY--Continued

- (e) For purposes of Paragraphs 9(a), 9(b), 9(c) and 9(d), Employee will be deemed to be engaged in a business if Employee participates in such business as proprietor, partner, joint venturer, stockholder, director, officer, lender, manager, employee, consultant, advisor or agent, or if in any way Employee controls such business. However, Employee will not be deemed a stockholder or lender if Employee holds less than five percent (5%) of the outstanding equity or debt of any publicly-owned corporation engaged in the same or similar business as that of the Company or any of its subsidiaries or affiliates, provided Employee is not in a control position with respect to such corporation.
10. INVALIDITY AND SEVERABILITY. If any provision of this Agreement is held invalid or unenforceable, such invalidity or unenforceability shall not affect the other provisions of this Agreement, and to the extent, the provisions of this Agreement are intended to be and shall be deemed severable. In particular and without limiting the foregoing sentence, in the event any provision of Paragraph 9 of this Agreement shall be held to be invalid or unenforceable by reason of geographic or business scope or the duration thereof, such invalidity or unenforceability shall not attach to any other provisions of Paragraph 9 or any other paragraph of this Agreement, and this Agreement and any such provisions shall be construed as if the geographic or business scope or the duration of such provisions had been more narrowly drawn so as not to be invalid or unenforceable. The covenants contained in Paragraphs 4, 5, 6, 7, 8, and 9 shall be construed as an Agreement independent of any other provision of this Agreement, and any claim or cause of action by Employee, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by the Company of such covenants.
 11. INJUNCTIVE RELIEF. The parties hereto recognize that irreparable damage will result to the Company, its business and properties if Employee fails or refuses to perform Employee's obligations under this Agreement, and that the remedy at law for any such failure of refusal will be inadequate. Accordingly, in addition to any other remedies and damages available, including the provision contained in Paragraph 7 for arbitration (none of which remedies or damages is hereby waived), the Company shall be entitled to injunctive relief and Employee may be specifically compelled to perform Employee's obligations under this Agreement. The institution of an arbitration proceeding shall not bar injunctive relief pending the final determination of the arbitration proceedings hereunder.
 12. APPLICABLE LAW. This Agreement is to be governed by and construed in accordance with the internal laws of the State where Employee was last employed by the Company.
 13. ASSIGNMENT. This Agreement may be assigned by the Company. This Agreement may not be assigned by Employee.

14. FURTHER INSTRUMENTS. Employee will execute and deliver all such other further instruments and documents as may be necessary, in the opinion of the Company, to carry out the purposes of this Agreement or to confirm, assign or convey to the Company the discoveries, ideas, inventions, or properties referred to in Paragraph 8 hereof, including the execution of all patent, copyright, trademark or trade name applications and assignments.

15. WAIVER OF BREACH. Waiver by either party of a breach of any provision of this Agreement by the other shall not operate or be construed as a waiver of any subsequent breach by such other party except to the extent that if Employee remains in the employ of the Company after the effective date of any alteration, revision or change in Employee's position, duties, or compensation, Employee shall conclusively be deemed to have accepted and agreed to such modified terms for Employee's employment.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.4(a)

EMPLOYMENT AGREEMENT BETWEEN THE COMPANY AND THOMAS DALEY--Continued

16. ENTIRE AGREEMENT. This instrument contains the entire agreement of the parties as to the subject matter hereof. This Agreement may not be changed orally, but only by an agreement in writing, signed by the party against whom enforcement of any waiver, change, modification, extension or discharge is sought.

I/WE CERTIFY THAT I/WE HAVE READ THE ABOVE AND AGREE TO ALL TERMS AND CONDITIONS OF THIS EMPLOYMENT AGREEMENT EFFECTIVE COMMENCING WITH THE COMPANY'S FISCAL YEAR 2004.

VOLT INFORMATION SCIENCES, INC.

EMPLOYEE: TOM DALEY

By: _____

Signature: _____

Title: _____

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.4(a)

EMPLOYMENT AGREEMENT BETWEEN THE COMPANY AND THOMAS DALEY--Continued

EMPLOYEE'S CORPORATE DOMINION

- a) Volt Telecommunications Group Inc. - United States, West Region only
- b) Volt Services Group, a division of Volt Management Corp.
- c) Volt Services Group, a division of Volt Technical Resources LLC
- d) VMC Consulting Inc. - United States; Canada; and Internationally
- e) Shaw & Shaw Inc. - United States
- f) Fidelity National Credit Services Ltd.
- g) ProcureStaff Inc. - United States and International

Attachment "I" to Employment Agreement for Tom Daley effective commencing with the Company's fiscal year 2004.

Employee's Initials _____

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.4(b)

UNDERTAKING DATED AUGUST 5, 2005 FROM THOMAS DALEY TO THE COMPANY

August 5, 2005

Volt Information Sciences, Inc.
560 Lexington Avenue
New York, New York 10022
Attn: Howard Weinreich, Esq.

Dear Mr. Weinreich:

I understand that the Audit Committee of the Board of Directors (the "Audit Committee") of Volt Information Sciences, Inc. ("Volt") is conducting an inquiry into certain trading of Volt securities in July 2005. I am requesting that Volt Information Sciences, Inc. advance funds for me to retain an attorney at law to advise and assist me in cooperating with the Audit Committee's inquiry.

I understand that such advances of fees and expenses are conditioned upon my continued full cooperation with the Audit Committee in responding to its inquiry, and that Volt may in its sole discretion, for any reason or no reason, decide to cease advancing such funds.

I understand that Volt's advancement of funds for the retention of an attorney at law to advise and assist me in cooperating with the Audit Committee's inquiry is a measure taken to expedite the Audit Committee's inquiry, and is not any determination that I am ultimately entitled to be indemnified for legal expenses.

I undertake to repay to Volt any legal expenses advanced by it to me or on my behalf if it is ultimately determined that I am not entitled to be indemnified for legal expenses pursuant to applicable laws.

Thomas Daley

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.6

SALE AND PURCHASE AGREEMENT AMONG BLITZ 05-282 GMBH, VARETIS AG AND VARETIS SOLUTIONS GMBH.

File No. 3848 C/2005 of 01.11.2005/02.11.2005 c/fg

Sale and Purchase Agreement

Starting on the first day of November two thousand and five and finished on the second day of November two thousand and five

-01.11.2005/02.11.2005 -

the following parties were all present at the same time before me

Dr. Heinz Korte
notary public in Munich
Theatinerstr. 7/III, 80333 Munich
at the office of Taylor Wessing, Isartorplatz 8, 80331 Munich

1. Mr. Dr. Klaus Harisch, born 14.03.1964,
Mr. Peter XVUnsch,
born 23 .01.1955,
business address: Landsberger Str. 110, 80339 Munich, personally known to me, acting not in their own name but acting as members of the board jointly authorized to represent the company

varetis AG

a German stock corporation (Aktiengesellschaft), with its corporate seat and head office in D-80339 Munich, Landsberger Stral3e 110, registered in the commercial register of the local court of Munich (Amtsgericht Miinchen)

under HRB 122918,
-hereinafter the "Seller"-

2. Mr. Steven Aaron Shaw,
born 03.11.1959,
business address: c/o Taylor Wessing, Isartorplatz 8, 80331 Munich,
identified by his passport of the United States of America,

Mr. Howard B. Weinreich, born 24.09.1942,
business address: do Taylor Wessing, Isartorplatz 8, 80331 Munich,
identified by his passport of the United States of America,

acting not in their own name but acting as managing directors jointly
authorized to represent the company

Blitz 05-282 GmbH
in future: "Volt Delta GmbH"

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.6

SALE AND PURCHASE AGREEMENT AMONG BLITZ 05-282 GMBH, VARETIS AG AND VARETIS SOLUTIONS GMBH.

a German limited liability company (Gesellschaft mit beschrnckter Haftung)

with its corporate seat and head office in D- 80331 Munich, do Taylor Wessing, Isartorplatz 8, registered in the commercial register of the local court of Munich (Amtsgericht Miinchen)

under HRB 158478,
-hereinafter the "Purchaser"-

3. Mr. Hans Pokorny, born 18.12.1957,
Mr. Yusuf Bulan, born 05.09.1967,
business address: Landsberger Str. 110, 80339 Munich,

personally known to me,

acting not in their own name but acting as managing directors jointly
authorized to represent the company

Varetis Solutions GmbH,

a German limited liability company (Gesellschaft mit beschränkter Haftung)

with its corporate seat and head office in D-80339 Munich, Landsberger
Strasse 110, registered in the commercial register of the local court of
Munich (Amtsgericht München) under HRB 156693

- hereinafter the "Company"

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.6

SALE AND PURCHASE AGREEMENT AMONG BLITZ 05-282 GMBH, VARETIS AG AND VARETIS
SOLUTIONS GMBH.

The persons appearing requested that this written record of the notarization be
recorded in the English language. The notary, who is in sufficient command of
the English language, satisfied himself as to that the persons appearing are in
sufficient command of the English language. He instructed the persons appearing
about their right to have an interpreter present or to request a certified
translation of this deed. The persons appearing explicitly waived such right.

The persons appearing hand over the document
Sale and Purchase Agreement

relating to shares in
Varetis Solutions GmbH
hereto attached as Annex and request its notarization which hereby follows:

I. Content of declarations

It is referred to the content of the Annex Sale and Purchase Agreement.

II. Advices

The notary public especially indicates to the parties the following:
All agreements must be correctly and completely recorded. Failure to do so can
result in this contract becoming completely null and void. The parties hereby
declare that this Deed completely states their agreements.

III. Costs

The costs of this notarial deed will be borne by 2/3 Seller and 1/3 Purchaser.

IV. Copies

The following parties will receive certified copies of this document:

- the Seller,
- the Purchaser,
- the Company,

the tax office for corporations (notification pursuant to ss. 54 EStDV).

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.6

SALE AND PURCHASE AGREEMENT AMONG BLITZ 05-282 GMBH, VARETIS AG AND VARETIS
SOLUTIONS GMBH.

Taylor Wessing, Isartoplatz 8, 80331 Munich,
Beiten Burkhardt Rechtsanwalts-gesellschaft mbH, Ganghoferstr. 33, 80339
Munich

will receive uncertified copies of this document.

The schedules no. 1.01 (d), 2.5(a), 2.5(b), 2.5(c), 2.6(c), 2.7 Part A, of the Sale and Purchase Agreement will not be read upon a waiver of all parties according to section ss.14 BeurkG. Those schedules and annexes have been submitted to the attention of the parties and have been signed by them.

Beside of the aforesaid exceptions, everything else has been read by the notary including the document hereto attached with its further Annexes, approved by the parties and signed by their own hand.

- Taylor Wessing, Isartorplatz 8, 80331 Munich,
- Beiten Burkhardt Rechtsanwalts-gesellschaft mbH, Ganghoferstr. 33, 80339 Munich will receive uncertified copies of this document.

The Schedules no. 1.01 (d), 2,5 (a), 2.5 (b), 2.5 (c), 2.6 (c), 2.7 Part A, of the Sale and Purchase Agreement will not be read upon a waiver of all parties according to section ss. 14 BeurkO. Those schedules and annexes have been submitted to the attention of the parties and have been signed by them.

Beside of the aforesaid exceptions, everything else has been read by the notary including the document hereto attached with its further Annexes, approved by the parties and signed by their own hand.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.6

SALE AND PURCHASE AGREEMENT AMONG BLITZ 05-282 GMBH, VARETIS AG AND VARETIS SOLUTIONS GMBH.

ANNEX to the Sale and Purchase Agreement dated 01.11.2005 File No. 3848 C/2005 Dr. Heinz Korte, Notary Public in Munich

The Seller and the Purchaser are also referred to jointly as the "Parties" or individually as a "Party". The Company is becoming a party to this Agreement only insofar as it is taking on any obligations or rights or making or receiving any declarations within this Agreement.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.6

SALE AND PURCHASE AGREEMENT AMONG BLITZ 05-282 GMBH, VARETIS AG AND VARETIS SOLUTIONS GMBH.

ANNEX to the Sale and Purchase Agreement dated 01.11.2005 File No. 3848 C/2005 Dr. Heinz Korte, Notary Public in Munich

This SHARE PURCHASE AGREEMENT, dated as of November 1, 2005 (the "Signing Date", (this "Agreement")), between Volta Delta GmbH, a German limited liability company (the "Purchaser") and varetis AG, a German stock corporation (the "Seller"), and Varetis Solutions GmbH, a German limited liability company (the "Company"), (the Seller and the Purchaser collectively the "Parties")

WITNESSETH:

WHEREAS, the Seller owns all of the share capital in the nominal value of currently EUR 100,000.00 (one hundred thousand Euros) in the Company consisting of one share in the nominal amount of EUR 75,000.00 (seventy five thousand Euros) and one share in the nominal amount of EUR 25,000.00 (twenty five thousand Euros) and one (future) share in the nominal amount of EUR 100,000.00 (one hundred thousand Euros) coming into existence upon completion (registration in the Commercial Register) of the capital increase of the Company resolved today according to the notarial deed No. 3844/05 of the acting notary (and to be filed for registration with the commercial register of the Company) in connection with the Contribution Agreement between Seller and the Company as stipulated in Section 4.15 of this Agreement (collectively the "Shares"); and,

WHEREAS, the Purchaser desires to acquire from the Seller and

the Seller desires to sell to the Purchaser the business of the Company by means of acquiring and selling the Shares, all upon the terms and subject to the conditions set forth in this Agreement;

NOW, THEREFORE, in reliance upon the representations, warranties and agreements made herein and in consideration of the premises and mutual promises herein contained, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

TERMS OF THE TRANSACTION

Sale, Purchase, Transfer of the Shares Adjustment of Purchase Price.

Sale and Purchase

Subject to the terms and conditions set out in this Agreement, the Seller hereby sells to the Purchaser and the Purchaser hereby purchases all Shares, including all rights and obligations attached thereto; Purchaser hereby accepts such sale.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES EXHIBIT 10.6

SALE AND PURCHASE AGREEMENT AMONG BLITZ 05-282 GMBH, VARETIS AG AND VARETIS SOLUTIONS GMBH.

Transfer

The Seller herewith transfers and assigns (tritt ab) the Shares to the Purchaser under the condition precedent of the conditions set out in Article IX being fulfilled and furthermore subject to the condition precedent of the payment of the Purchase Price as hereinafter defined and the Purchaser accepts such transfer and assignment.

Purchase Price

The purchase price to be paid by Purchaser to Seller in consideration of the sale and transfer of the Shares pursuant to this Agreement (the "Purchase Price") shall amount to EUR 20,800,000.00 (twenty million eight hundred thousand Euros) in cash and shall be paid with releasing effect (mit schuldbefreiender Wirkung) as follows:

(a) on the Closing Date, by wire transfer to the bank account of the Escrow Agent (the "Escrow Account"), the sum of EUR 3,000,000.00 (three million Euros) (the "Escrow Amount") to be held in escrow by the Escrow Agent as security for any claims of Purchaser arising out of or in connection with this Agreement pursuant to this Agreement or the Escrow Agreement, substantially in the form of Exhibit A (the "Escrow Agreement");

(b) on the Closing Date by wire transfer to the bank account of the Seller to be setup with DZ Bank (the "Seller's Account"), the amount of EUR 17,800,000.00 (seventeen million eight hundred thousand Euros) less the amount owed to the Company by Seller, GoYellow GmbH and Telix AG (the "Intercompany Balance") at December 30, 2005;

(c) on the Closing Date by wire transfer to the bank account of the Company the Intercompany Balance at December 30, 2005.

Escrow

(d) The Escrow Amount shall be divided as follows: EUR 600,000.00 (six hundred thousand Euros) shall be reserved as security for Seller's obligations under Section 1.04 regarding the payment of the two accounts receivable of the Company identified in Schedule 1.01 (d) and shall be released if and to the extent payments regarding these two accounts receivable are made to the Company.

The remaining EUR 2,400,000.00 (two million four hundred thousand Euros) of the Escrow Amount shall be reserved for any other claims of Purchaser arising out of or in connection with this Agreement and shall be released 15 months after the Closing Date except for the amounts, if any, then claimed by Purchaser in a written notice to Seller of Purchaser's Damages prior to the expiration of such 15 month period.

Certain Information regarding the Purchase Price

(e) When calculating the Purchase Price and establishing the guaranteed levels of Net Asset Value and Working Capital and Cash in connection with the Adjustment of Purchase Price according to Section 1.02 (b) the Parties pursued the idea and agreed that Seller shall not have any obligation to pay either (i) the deferred taxes of EUR 949,807.00 (nine hundred forty nine thousand eight hundred and

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.6

SALE AND PURCHASE AGREEMENT AMONG BLITZ 05-282 GMBH, VARETIS AG AND VARETIS SOLUTIONS GMBH.

seven Euros) shown on the September Financial Statements or (ii) income and trade taxes (not regarding dividends paid by Subsidiaries) owed or to become owed by the Company for all periods on or after January 1, 2005 and Purchaser shall pay or cause Company to pay all such taxes when due. Purchaser's obligation to pay or cause Company to pay such taxes has been taken into account in determining the Purchase Price. Furthermore the parties took into account the principles laid down in Schedule 1.01 (e). However, the Parties agree that the Purchase Price shall be EUR 20,800,000.00 (twenty million eight hundred thousand Euros) irrespective of the aforementioned ideas and principles set out above for information purposes only.

(f) Any provision of this Agreement to the contrary notwithstanding, Seller will retain, and Purchaser will not have any right to the dividend of EUR 1,200,000.00 (one million two hundred thousand Euros) made by Company to Seller in October 2005.

Closing Financial Statement, Adjustment of Purchase Price.

(a) As soon as reasonably practicable after the Closing Date (but in no event later than the date March 31, 2006), the Seller will prepare, cause to be audited and deliver to the Purchaser an audited balance sheet, statement of income, cash flows and shareholders equity of the Company and the Subsidiaries (as hereinafter defined) on a consolidated basis as of the Closing Date or - if the Closing Date is December 30 or December 31, 2005 - as of December 31, 2005 (the "Preliminary Closing Financial Statement"), which shall (i) contain all categories of assets and liabilities that are included in the Balance Sheet and the September Financial Statements; (ii) be prepared in accordance with generally accepted accounting principles pursuant to International Financial Reporting Standards ("IFRS") and (iii) shall contain an unqualified opinion of Price Waterhouse Coopers, independent registered public accounting firm (the "Seller's Auditors") and (iv) specify the amounts of the "Net Asset Value" and "Working Capital" and "Cash" (as defined in Schedule 1.02 (a)) derived from such balance sheet. For the purposes of preparing and auditing the Preliminary Closing Financial Statement, the Purchaser will provide to the Seller all necessary access to the books and records of the Company in a timely and sufficient manner. The Preliminary Closing Financial Statement shall become final and binding on the Purchaser and the Seller on the 30th day following the date it is received by the Purchaser, unless the said opinion is qualified in any way or if prior to such 30th day the Purchaser shall deliver to the Seller written notice of its disagreement therewith, together with specific and detailed proposed changes thereto. In the event that the Seller's Auditors shall deliver a qualified opinion on the Preliminary Closing Financial Statement or if the Purchaser delivers a notice of disagreement, then the Preliminary Closing Financial Statement shall become final and binding only upon written agreement between the Purchaser and the Seller resolving all disagreements of the Seller and resolving the issue or issues which form the basis for such qualification or a determination is made by a firm of independent certified public accountants jointly selected by the Seller and the Purchaser as described below. If the

Preliminary Closing Financial Statement has not become final and binding by the 30th day following the receipt by the Seller of the Purchaser's written notice of disagreement, or if the Seller and the Purchaser are unable to agree on the resolution of the qualification in the Seller's Auditors opinion within 30 days after delivery of such qualified opinion, the parties will refer such dispute to a firm of independent certified public accountants jointly selected by the Seller and the Purchaser for determination of an appropriate adjustment to the Preliminary Closing Financial Statement to resolve the issue raised by the qualification in the opinion of the Seller's Auditors or the disagreements raised by Purchaser. Unless the Seller and the Purchaser

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agree otherwise the Preliminary Closing Financial Statement shall be reviewed by DeloitteTouche, Rosenheimer Platz 4, 81669 Munchen or, in the event Deloitte is unable to act as independent expert, by auditors to be nominated by the Institut der Wirtschaftsprufer (IdW), Dusseldorf (any of the independent certified public accountants either selected by the Parties, DeloitteTouche or nominated by the Chamber of Commerce hereinafter referred to as the "Independent Expert"). The Independent Expert shall be instructed to render his decision as quickly as possible, at the latest within three months after appointment. The Independent Expert's decision may only fall within the positions taken by the Seller and the Purchaser. The Independent Expert shall act as an expert (Schiedsgutachter) but not as arbitrator and shall determine the Closing Financial Statement with binding effect on the parties according to Section 317 et. seq. German Civil Code ("BGB"). The Independent Expert shall be submitted all information and documents by the Seller and the Purchaser (within one month after appointment of the Independent Expert) on the basis of which they have determined the content of the Preliminary Closing Financial Statement. The Independent Expert shall submit to the respective other party copies of such information and documents he has received from a party. Before making his decision the Independent Expert shall hold an oral hearing with both Parties attending and presenting their respective positions. After the oral hearing, the Independent Expert shall make his decision in writing as to the correct content of the Closing Financial Statement. The decision of the Independent Expert shall become binding between the Parties upon receipt of the decision by the respective party. The costs of the Independent Expert shall be borne by Seller and the Purchaser in relation to their respective losing or winning ratios in accordance with the principles set forth in Sections 91 et seq. German Code on Civil Procedure ("ZPO") determined by the Independent Expert as part of his decision. The decision of the Independent Expert is not subject to appeal unless the decision is erroneous or obviously inaccurate. In case of any appeal, the provisions of this Section shall apply mutatis mutandis with the exception that the decision resulting from the appeal is not subject to any further appeal. The Preliminary Closing Financial Statement, as accepted by the Seller and the Purchaser or as resolved by such third accounting firm or Independent Expert is referred to herein as "Closing Financial Statement".

The Closing Financial Statement shall be final and binding upon the Purchaser and the Seller.

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(b) The Purchase Price is, amongst other things, based on the assumption that the Closing Financial Statement will show the following amounts: the Working Capital will be at least EUR 3,200,000.00 (three million two hundred thousand Euros), including Cash of at least EUR 1,750,000.00 (one million seven hundred and fifty thousand Euros) after payment of the Intercompany Balance, the Net Asset Value at least EUR 4,500,000.00 (four million five hundred thousand Euros). Should any of these thresholds not be met in the Closing Financial Statement, the Seller shall pay to the Purchaser any shortfall in the Net Asset Value and any shortfall in the Working Capital or in the Cash within thirty (30)

days after the Closing Financial Statement has been delivered to Seller. Any such shortfall shall be treated as a decrease of the Purchase Price and shall be immediately paid by Seller. For the avoidance of doubt, the aforementioned decrease of the Purchase Price shall not be deducted from the Escrow Account. It is agreed between the parties that if a cash infusion would increase all these three thresholds above their respective minimums then the amount of the shortfall to be paid to Purchaser is deemed to be the decrease of the Purchase Price. To the extent the Preliminary Closing Financial Statement already shows a shortfall in one of the above listed thresholds, then and to that extent the shortfall shall be treated as a decrease of the Purchase Price.

Section 1.03 Certain Expenses.

(a) Neither the Purchaser nor the Company shall pay or be liable for or be required to pay any of the following liabilities, fees or expenses, all of which shall be borne and paid by the Seller and, to the extent such liabilities, fees or expenses are incurred by or paid by the Company, Seller shall pay the respective amounts to the Purchaser:

- i. fees and expenses, if any, of any Person retained by the Seller or by the Company for financial services or services as a finder rendered to the Company or to the Seller in connection with the sale contemplated by this Agreement;
- ii. professional fees of counsel for the Company or for the Seller and any accountant or auditor for the Company or for the Seller for services rendered to the Company or the Seller and out-of-pocket disbursements and other expenses of the Company, the Seller, any of their counsel or accountants, incurred in connection with the sale contemplated by this Agreement.

(b) The following liabilities, fees and expenses shall be borne and paid by Seller and Purchaser in the following portions:

(i) the expenses of the preparation of the Preliminary Closing Financial Statement and the Closing Financial Statement: Seller full;

(ii) any notary's fees incurred in connection with the conclusion of this Agreement and the transfer of the Shares to the Purchaser: 2/3 Seller and 1/3 Purchaser.

Section 1.04 Accounts Receivable.

After the Closing Date, the Company will collect, in the ordinary course of business, all accounts receivable of the Company and the Subsidiaries outstanding as of September 30, 2005 using the customary credit practices and follow-up procedures of the Company. Seller guarantees that the accounts receivables shown in the September Financial Statements will be collected by the Company by June 30, 2006 with the exception of the two accounts receivable of the Company identified in Schedule 1.01 (d). If such accounts

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receivable are not collected on or before June 30, 2006, the amount thereof shall be deemed to be Purchaser's Damages (as defined in Section 6.01 (a) and may immediately be withdrawn by Purchaser from the Escrow Account and the Escrow Agents have to effect the respective payment upon request of Purchaser; upon payment of such Purchaser's Damages, such uncollected accounts receivable shall be assigned by the Company to the Seller in the amount of Seller's payments without recourse. When collecting such assigned accounts receivable Seller shall take reasonable regard to the Company's business relations with the respective debtor. The de minimis benefits in Section 6.01 (c) shall not apply with respect to the Purchaser's Damages under this Section 1.04.

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Purchaser and Seller shall discuss any uncollected accounts receivable on March 31, 2006 and shall coordinate mutually agreeable reasonable measures to be taken in order to collect the accounts receivable. The Parties shall use commercially reasonable efforts to conduct such measures.

Section 1.05 The Closing.

- (a) The closing of the transactions contemplated by this Agreement (the "Closing") shall be held at the offices of Taylor Wessing, Isartorplatz 8, 80331 Munchen or at such other place or places as the parties may agree upon, (at 10 o'clock A.M., local time, on Friday, December 30, 2005, or at such other time and date as may be mutually approved by the parties in writing (the "Closing Date"), provided that all conditions precedent to Closing have been met or waived by that date .
- (b) On the Closing Date, Purchaser and Seller shall carry out the following actions (and any other actions the Parties may deem appropriate):
 - (i) The Parties will sign closing minutes evidencing the conclusion of the legal agreements referred to in Article VIII and confirming that all closing conditions are fulfilled (such confirmation not to be interpreted as a waiver of any right or covenant of any Party other than the right to object to Closing)
 - (ii) Payment of the Purchase Price as provided for in Section 1.01 (a) to (c).

Section 1.06. Between the Closing and the end of business on December 31, 2005 no assets of the Company will be transferred (by sale, dividends, loan, or otherwise) and no liabilities incurred without the consent of both Seller and Purchaser.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF THE SELLER

Section 2.01. The Seller represents and warrants to the Purchaser in the form of an independent guarantee (selbständiges Garantieverprechen pursuant to sec. 311 BGB) (unless the context clearly indicates otherwise, all references to the Company shall also include each of its Subsidiaries and all references to the Company or the business conducted by the Company shall also include such business of the Company as previously conducted by the Seller, the Company and the Subsidiaries of the Company collectively also referred to as the "Group Companies") that as of the Signing Date and as of the Closing Date:

Section 202. The Company Organization and Authority.

(a) The Company is a corporation duly organized and validly existing under the laws of the Federal Republic of Germany. Except as set forth on Schedule 2.2, Part A, the Company is duly qualified and in good standing in each jurisdiction in which (i) the nature of the business conducted by it or the character or location of the properties owned or leased by it makes such qualification necessary and (ii) failure so to qualify

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would, if not remedied, materially impair title to its properties or its rights to enforce contracts against others or expose it to substantial liability in such jurisdictions. The Company has all necessary corporate power and authority to own all of its properties and assets and to carry on its businesses as previously conducted, now conducted or as planned by the Seller to be conducted prior to the Closing. The Seller has duly authorized and executed this Agreement and has full power and authority to execute and perform its obligations under this Agreement and the other agreements, documents, and instruments contemplated herein without the necessity of any act or consent of any other person whomsoever except as disclosed in Schedule 2.2, Part B. This Agreement and the other agreements, documents, and instruments contemplated herein, when executed by all Parties, constitute the valid and binding obligations of the Seller, enforceable in accordance with their terms. Neither Seller nor the Company have taken or failed to take any action, which action or failure would preclude or prevent Purchaser or the Company from conducting the business of the Company as previously conducted or as planned by the Seller to be conducted prior to the Closing. The current articles of association (Gesellschaftsvertrag, Satzung) of each of the Group Companies, are presently valid and in force and no changes have been resolved, with the exception of the capital increase against contribution in kind to be resolved by the shareholders' assembly of the Company as referred to in the Recitals and Section 9.08 of this Agreement. Contemporaneously herewith, Seller has delivered to Purchaser true, correct, current, and complete certified copies of the commercial register extracts (or equivalent statements, such as statement of the Companies House in UK) of each of the Group Companies.

(b) Entire Ownership. Upon the sale and transfer of the Shares as contemplated in this Agreement, Purchaser will acquire the entire ownership of and any and all existing rights, interests, and participation in the Group Companies and will have good and marketable title to the Shares, free and clear of any liens.

(c) Conflicts. Neither the execution of this Agreement or the other agreements, documents, and instruments contemplated herein by the Seller or the Company, nor the performance of any of their obligations hereunder or there under, will, (i) violate or conflict with any of the terms of any articles of association or other organizational provisions (like rules for the supervisory board or for the management board) of the Group Companies or constitute a default or result in the acceleration of any obligation under any provisions of any contract, or of any order, judgment, or decree by which any of Seller or the Group Companies are bound or by which any of the assets of the Group Companies may be affected, (ii) result in the creation or imposition of any liens in favor of any third party upon any assets or properties of the Group Companies or (iii) violate any law applicable to any of Sellers, or the Group Companies or any of their assets or properties. Such execution, delivery, and performance will not give to others any rights, including rights of termination, cancellation, or acceleration, in or with respect to any Contract to which any of Sellers or the Group Companies is a party or by which it is bound.

(d) No Avoidance. There are no circumstances which could justify the avoidance of the transfer of the Shares according to the provisions of the German Insolvency Code (Insolvenzordnung) and/or the German Avoidance Act (Anfechtungsgesetz) or similar provisions.

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(e) Governmental Approvals. Except as set forth in Schedule 2.02 (e) no approval, consent, decree, or order of any governmental authority is required in connection with the execution and delivery of this Agreement by any of Sellers or the Group Companies, the performance of their obligations hereunder, or the consummation by any of them of the transactions contemplated hereby, or for the prevention of any termination of any right, privilege, license, or agreement relating to the business of the Group as presently conducted or as planned by the Seller to be conducted prior to the Closing or the continuation of the business of the Group following the execution hereof.

(f) Third Party Consents. Except as set forth in Schedule 2.02 (f) no consent, approval, or authorization of any third party, governmental authority or person is required in connection with the execution, delivery, or performance of this Agreement or the other agreements, documents, and instruments contemplated herein by any of the Sellers or the Group Companies or the continuation of the business of the Group by Purchaser and the Group Companies following the execution hereof and the date hereof.

Section 203. Company Capitalization., Contribution Agreement

As of the Signing Date the Company has a registered capital of EUR 100,000.00 (one hundred thousand Euros) and as of the Closing Date a registered capital of EUR 200,000.00 (two hundred thousand Euros) consisting of the shares as set forth in the first "Whereas" of the recitals. Each of the Shares has been duly authorized and validly issued, is fully paid and non-assessable and was issued by the Company in compliance with all applicable laws and rules and regulations thereunder. There are no outstanding options, warrants, convertible securities or other rights to subscribe for or purchase any securities of the Company.

The Shares have not been repaid, neither directly nor concealed, and are non-assessable (unterliegen keiner Nachschuss- oder Nebenleistungspflicht). There are no grounds for any claims of the Company's assets being less than the share capital (Unterbilanzhaftung).

On the Closing Date the Contribution Agreement (Section 4.12) is binding and enforceable upon its terms and by means of the Contribution Agreement the Company has become owner of all assets (tangible or intangible) and holder of all rights and party to all agreements as set out in the Contribution Agreement and its attachments. Such assets, rights and agreements (including labor agreements with the employees by operation of Sec. 613a German Civil Code) are all of the assets, rights and agreements necessary for Purchaser and the Company to conduct after the Closing the business of the Company as currently conducted or planned to be conducted at the Closing Date.

Section 2.04 Subsidiaries.

Schedule 2.4 specifies all participation interests in any entity and all branch offices (the "Subsidiaries") the Company beneficially owns, directly or indirectly. Each Subsidiary is duly organized, validly existing and in good standing under the laws of its jurisdiction of incorporation, which jurisdictions are set forth on Schedule 2.4. Each Subsidiary has the corporate power and authority to own or lease and operate its

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properties and to carry on its business as now conducted. Schedule 2.4 sets forth the jurisdictions in which each Subsidiary is qualified to do business as a foreign entity. Except as set forth in Schedule 2.4, each Subsidiary is duly qualified and in good standing in each jurisdiction in which (i) the nature of the business conducted by it or the character or location of the properties owned or leased by it makes such qualification necessary and (ii) failure so to qualify would, if not remedied, materially impair title to its properties or its rights to enforce contracts against others or expose it to liability in such jurisdictions. Set forth on Schedule 2.4 is a list of each partnership and joint venture agreement or arrangement (the "Joint Ventures") to which the Company or any Subsidiary is a party. The capitalization of each Subsidiary and Joint Venture is set forth on Schedule 2.4.

Also set forth on Schedule 2.4 is the same information for each entity owned by the Company at any time in the past.

Section 2.05. Financial Statements.

(a) The Seller has furnished the Purchaser with the consolidated opening balance sheet of the Company and its Subsidiaries as at July 1, 2005, certified by the CFO of Seller (that is Dr. Klaus Harisch) and the CAO of Seller (that is Ms. Angelika Balthasar), a copy of which is attached hereto as Schedule 2.5 (a),

(the "Balance Sheet") as well as consolidated financial statements as at September 30, 2005, certified by the CFO of Seller and CAO of Seller, a copy of which is attached as Schedules 2.5 (b) (the "September Financial Statements"). The Balance Sheet and the September Financial Statements (i) are correct and complete and have been prepared in accordance with the books and records of the Company, (ii) have been prepared in accordance with the text of the certificate of the CFO of Seller set out in Schedules 2.5 (a) and (b), (iii) reflect and provide adequate reserves in respect of the liabilities of the Company and its Subsidiaries in accordance with IFRS, including contingent liabilities as of their respective dates and (iv) present fairly consolidated the financial condition of the Company and its Subsidiaries at such dates.

(b) Seller has provided Purchaser with the profit and loss statements of the Company for the years ending December 31, 2003 and December 31, 2004 and for the six months ended June 30, 2005 (each of them certified by the CFO of Seller and CAO of Seller) copies of which are attached as Schedule 2.5 (c) (the "P&L Statements"). The P&L Statements (i) are correct and complete and have been prepared in accordance with the books and records of the Company, (ii) have been prepared in accordance with the text of the certificate of the CFO of Seller and CAO of Seller set out in Schedule 2.5 c and (iii) present fairly the consolidated financial condition of the Company and its Subsidiaries at such dates and the results of its operations for the periods then ended.

Section 2.06 Real Property.

(a) Except as identified and described on Schedule 2.6, neither the Seller, nor the Company nor any of its Subsidiaries owns, has legal or equitable title in.

(b) Neither the Company nor any of its Subsidiaries owns any land, plants, buildings or other real property.

(c) The Seller, the Company or its Subsidiaries, as specified on Schedule 2.6 (c), has a valid leasehold interest in the real property described as occupied by the Company and by its Subsidiaries (the

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"Leased Realty"). True and complete copies of all leases, subleases, occupancy agreements, licenses, agreements and instruments (the "Leases") respecting the Leased Realty have been delivered to the Purchaser. The Company and each of its Subsidiaries has a valid lease or sublease, as specified on Schedule 2.6 (c), to all real property occupied by it or required by it to operate its business.

(d) With respect to the Leases referred to on Schedule 2.6 (c), no default or event of default on the part of the Seller or the Company or any Subsidiary as lessee or, to the knowledge of the Seller or any officer of the Company or the Seller, no default or event of default on the part of the lessor or mortgagor, under the provisions of any of said Leases or any mortgage on said Leased Property, and no event which with the giving of notice or passage of time, or both, would constitute such default or event of default on the part of the Company or a Subsidiary or, to the knowledge of the Seller or Company officer, on the part of any such lessor or mortgagor, has occurred and is continuing unremedied or unwaived.

(e) The buildings and improvements leased by the Company, and the operation or maintenance thereof as now operated and maintained, do, to the Best Knowledge of Seller not (i) contravene any zoning or building law or ordinance or administrative regulation or (ii) violate any restrictive covenant or any provision of federal, state or local law, the effect of which materially interferes with or prevents the continued use of such properties for the purposes for which they are now being used, or would materially affect the value thereof. The premises leased by the Company or its Subsidiaries are (x) in good operating condition, and (y) in a state of reasonable maintenance and repair to the extent necessary for the efficient operation of the consolidated business of the Company. Except as set forth on Schedule 2.6 (e), there exists no pending or, to the knowledge of the Seller or any Company officer, threatened condemnation, eminent domain or similar proceeding with respect to, or which could affect, any Leased Realty or buildings or improvements thereon by the Company.

Section 2.07 Personal Property; Accounts Receivable.

(a) Schedule 2.7, Part A, contains a schedule of all personal property (including, but not limited to, all operating and non-operating assets of the Company) reflected in the Balance Sheet and all personal property acquired by the Company since the date of the Balance Sheet (except such personal property as has been disposed of in the ordinary course of the Company's business). Except as set forth on Schedule 2.7, Part B, the Company has good and marketable title to all personal property reflected in the Balance Sheet and all personal property acquired by the Company since the date of the Balance Sheet (except such personal property as has been disposed of in the ordinary course of the Company's business), free and clear of any mortgage, lien, security interest, claim, pledge, hypothecation, restriction, charge, exception, imperfection of title, easement or encumbrance (collectively "Liens"), with the exception of customary retention of title and statutory Liens.

(b) Except for items disposed of in the ordinary course of business since the date of the Balance Sheet, all machinery, tools, equipment and other tangible assets (i) reflected on the Balance Sheet (other than inventories), (ii) leased by the Company or (iii) acquired by the Company since the date of the Balance Sheet, currently are used, useable by or useful to the Company in the ordinary course of its business and in the manufacture of its products and the providing of its services, and are in good operating condition and in a state of reasonable maintenance and repair.

(c) The inventories reflected in the Balance Sheet were on the date thereof in good condition; such inventories, and any inventories acquired by the Company after the date of the Balance Sheet to the extent not sold or otherwise disposed of in the ordinary course of business, are in good condition, are used, useable by

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or useful to the Company in the ordinary course of its business and in the manufacture of its products, and are not in excess of reasonable requirements for the next six months. No material item of inventory reflected in the Balance Sheet was valued in excess of the lower of cost (on a first-in, first-out basis) or market value. The finished goods produced by the Company conform to customary trade standards for marketable goods.

(d) Except as indicated on the September Financial Statements, the accounts receivable reflected on the September Financial Statements, or acquired by the Company after the date of the September Financial Statements, have been collected or are (or will be) collectible in amounts not less than the aggregate amount recorded on the September Financial Statements, in the case of receivables reflected in the September Financial Statements, or not less than the aggregate amount recorded on the Company's books, in the case of receivables acquired after the date of the September Financial Statements, provided that Section 1.04 applies. Any payment on the accounts receivable made by any obligor thereon shall be applied first to the accounts receivable of such obligor outstanding for the longest period of time, unless such obligor shall have directed that the payment be applied to a specific receivable. If there is any amount uncollected from an obligor as of the day that is 180 days following the Closing Date, such amount will be disposed of as provided in Section 1.04.

Section 2.08 Personnel; Etc. (a) The Seller has handed out to the Purchaser a correct and complete list of:

- (i) all employees, workers, consultants and representatives of the Company, including the title or job classification of each such Person and a list of the names, positions and current salary rates, salary classification and, details concerning their salary, holiday, vacation, stock options, restricted stock, stock grants, internal special allowances including profit-sharing and 2004 and 2005 (first 3 quarters) and all other items of compensation and benefits, however denominated, to result in total compensation of each of the employees of the Company;
- (ii) all members of the board of directors, all managers and executives, directors, officers (specifying their respective office), agents and other representatives;

- (iii) all contracts, agreements or arrangements (including formal and informal ones, secrecy agreements, agreements concerning surrender of inventions by employees, prohibition of competition) with directors, officers or employees, or consulting agreements, to which the Company is a party or is subject;
- (iv) all contracts with casual labour companies;
- (v) all group insurance programs in effect for employees of the Company;
- (vi) all claims, complaints, disciplinary proceedings, etc. for each employee, contractor, or other worker or representative of the Company or any Subsidiary, and all labour related claims, disputes, litigations or arbitrations between the Company and employees, ex-employees or unions, for the past five years;
- (vii) all employees with a special protection against unfair dismissal;
- (viii) the name of each bank with which the Company has an account or safe deposit box, the identifying numbers or symbols thereof and the name of each Person authorized to draw thereon or to have access thereto;
- (ix) the name of each Person, if any, holding tax or other powers of attorney from the Company and a summary statement of the terms thereof;

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- (x) A description of all existing supervisory, advisory or consultative bodies and their members and a copy of the rules of procedure for the conduct of the supervisory board / supervisory or consultative bodies.
- (b) The Company is not in default under any agreement or contract mentioned in the list referred to in lit. a). All such agreements and contracts are legally valid and binding on the Company and are in full force and effect.
- (c) As used in this Agreement, the term "Person" shall mean both any natural person and any entity.

Section 2.09 Employee Benefit Plans. (a) The Seller has handed out to the Purchaser a correct and complete list of each profit-sharing, deferred compensation, bonus, commission, stock option, stock purchase, insurance, special payment, government and private social security and retirement, general internal pensions, individual pension agreements, discretion procedures in the case of deviations from/adjustments of internal pensions and other employee benefit plans or arrangements maintained or contributed to by the Seller or the Company with respect to employees of the Company at any time on or after January 1, 2000, by or on behalf of the Company, or to which the Company contributes or is required to contribute for its employees (collectively, the "Plans").

- (a) The Seller has heretofore delivered to the Purchaser true and correct copies of the following:
 - (i) each Plan contained in the list mentioned in lit. a) and all amendments thereto to the date hereof;
 - (ii) each trust agreement and annuity contract (or any other funding instruments) pertaining to any Plan, including all amendments to such documents to the date hereof;
 - (iii) copies of all correspondence with any Governmental Authority (as hereinafter defined) with respect to each of the Plans;
 - (iv) the three most recent actuarial valuation reports for each Plan for which an actuarial valuation report is required to be prepared;
 - (v) the two most recent Annual Reports and plan audits, if applicable, required to be filed with respect to each Plan with any Governmental Authority; and
 - (vi) final expert opinion concerning actuarial theory.
- (b) Each Plan is legally valid and binding and, except for Plans contained in the list mentioned in lit. (a) as having been terminated, shall be maintained in full force and effect through the Closing Date. The status of each Plan is set forth in the list mentioned in lit. a), including (i) the amount of the

Seller's or the Company's contribution to such Plan for each of the past three fiscal years and the plan year in which the Closing Date occurs, (ii) the amount of any liability of the Seller or the Company for payments or contributions past due with respect to such Plan as of the last day of its most recent plan year and as of the end of any subsequent month ending prior to the Closing Date, and the date any such amounts were paid, (iii) any contribution to such Plan in a form other than in cash and (iv) whether such Plan has been terminated. Except as set forth in the list mentioned in lit. a), neither the Seller nor the Company has any obligations or liabilities with respect to any Plan or liabilities relating to any Plan under any collective bargaining agreement to which it is a party or by which it is bound.

(c) With respect to each Plan, to the extent applicable, in the list mentioned in lit. a) sets forth as of the last day of the plan year (i) the actuarial present value (based upon the same actuarial assumptions as those heretofore used for funding purposes) of all vested and nonvested accrued benefits (whether on account of

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retirement, termination, death, or disability) under such Plan (computed on the basis of an ongoing plan and without any assumption that nonvested accrued benefits have become nonforfeitable), (ii) if such Plan uses a benefit accrual formula having reference to final earnings, the actuarial present value of the benefits under such Plan as calculated in (i), but based upon projected earnings increases of five percent per annum, (iii) the actuarial present value (based upon the same actuarial assumptions, other than turnover assumptions, as those heretofore used for funding purposes) of vested benefits under such Plan (computed on the basis of an ongoing plan), (iv) the net fair market value of the assets held to fund such Plan and (v) the funding method used in connection with such Plan.

(d) No liability to any Governmental Authority has been incurred by the Seller, the Company or any corporation or other trade or business under common control with the Seller or the Company ("Common Control Entity") on account of any Plan termination.

(e) No filing has been made by the Seller or any Common Control Entity with any Governmental Authority, and no proceeding has been commenced by any Governmental Authority, for the termination of any Plan maintained, or wholly or partially funded, by the Seller, the Company or any Common Control Entity.

(f) Neither the Seller, the Company nor any Common Control Entity has taken any action which would, under applicable law, or any collective bargaining agreements to which the Seller or the Company is a party, will result in any increase in the rate of benefit accrual.

(g) In addition, with respect to all Plans, except as set forth in the list mentioned in lit. a), (i) other than routine claims for benefits, there are no material actions, suits or claims pending or threatened against any Plan or the fiduciaries thereof, or against the assets of any Plan and (ii) neither the Seller, the Company nor, to the knowledge of the Seller, any plan fiduciary of any Plan has engaged, in respect of any Plan, in any transaction in violation of applicable law.

Section 2.10 Compliance With Law; Permits.

(a) Except as set forth on Schedule 2.10, the Company has complied with all applicable statutes, regulations, orders and restrictions of the Federal Republic of Germany, the United Kingdom and Singapore and, to the Best of Seller's Knowledge or any Company officer, those of any other country in which the Company transacts business, and all states, possessions and municipalities thereof (however denominated) all departments, commissions, agencies and other instrumentalities of any of the foregoing (collectively "Governmental Authorities"), the failure to comply with which could result in any liability, penalty or disability material to the conduct of the business of the Company or the ownership or operation by the Company of its properties.

(b) Except as set forth on Schedule 2.10, the operations, practices, policies and procedures of the Company, each Subsidiary and their employees have been conducted and will be conducted in compliance with, and has not and will not give rise to any loss, liability, damage, costs or expenses under, all applicable federal, state and local laws, orders, regulations, directives and restrictions concerning protection of the environment, the disposal of

hazardous, toxic or industrial chemicals, substances or wastes and health and safety, and all orders, rules, regulations, directives and restrictions issued thereunder or promulgated in connection therewith.

(c) Except as set forth on Schedule 2.10, the Company and the Subsidiaries have all permits, licenses, authorizations and bonds, permissions, attestations and other official dispositions, including blasting permits, air emission permits, water discharge permits, wetlands permits, reclamation bonds, mining permits, dredging permits, hazardous waste permits and registrations of sources of radiation, plant permissions,

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permissions concerning legal aspects of water and environment, necessary to the conduct of their business operations as presently conducted (collectively, the "Permits"). All such Permits are listed on Schedule 2.10 and, except as noted on Schedule 2.10, are currently valid and in full force and effect, and there are no material violations or breaches of or exceptions to any such Permits. The Company and the Subsidiaries have in place management systems to monitor compliance with all such permits, licenses, authorizations and bonds, which management systems are described on Schedule 2.10. The Seller has provided the Purchaser with copies of all periodic monitoring reports and records maintained or filed by it or by the Subsidiaries since 1999 in compliance with the requirements of any such Permit, which reports and records are listed on Schedule 2.10.

(d) Except as set forth on Schedule 2.10, there are under applicable federal state and local laws, orders, regulations, directives and restrictions concerning protection of the environment and health and safety, no outstanding notices of violations or consent orders to which the Company, its properties, any Subsidiary or its properties are subject or may become subject. The Company has set aside adequate capital reserves to fund all pending and threatened notices of violations, all as reflected on the Balance Sheet.

(e) The Seller has furnished the Purchaser with copies of all reports or other documents in the Company's files concerning the Company or its employees made by the Company during the past five years with any Governmental Authority and copies or complete and accurate summaries of all notices, orders or other documents or correspondence, written or oral, notifying or indicating to the Company that any of the Company's buildings or improvements or the operation or maintenance thereof as now maintained and operated contravene any zoning or building law or ordinance or other administrative regulation or violate any restrictive covenant or any provision of federal, state or local law.

(f) Except as set forth on Schedule 2.10, there are no ground or water contamination or objects located on the property or underground which lead or might lead to pollution or contamination, such as tanks, containers, pipe lines, etc. or existing conflicts or disputes concerning planning and building laws and regulations or concerning laws on the effect of noise, smells or chemicals on adjoining property.

(g) Set forth on Schedule 2.10 is a description of

- details of any acquisition of real property by the Company and from whom;
- the business of the pre-owner and information about how long the pre-owner used the real property;
- the Company's products that are produced on the real property (excluding ships);
- raw materials that are or were used in the production (including the production of ships) and details concerning the chemical composition, if possible;
- all intermediate products and by-products that can be reused;
- details concerning neighbouring property and complaints by neighbours ;
- usufructs according to German ss.ss. 2 ff. WHG, and authorizations according to the law of the land for all Company sites;
- authorizations according to German ss. 19 ff. WHG for all Company sites;
- exemption decisions from connection and use obligations for all such Company sites;
- the grade of exposure of the sewage (German ss.ss. 19, 9 V WHG in

- connection with LVaWS) in all such Company sites;
- information about contracts concerning water supply and water waste management;
- distance from each Company site to the closest water protectorate or drinking water extraction site ;
- details concerning the supply of Company sites with fresh water, sewage waste management;

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copies of permissions and authorizations relating to the extraction of superficial water and ground water, the operation of Company owned sewage reprocessing sites as well as description of "old rights" ("alter Rechte") according to German ss. 15 WHG if applicable; information whether the actual use of water meets the official requirements;

- information about the amount of waste/sewage (excluding rubbish) in the Company sites;
- information about the way dangerous substances for ground water are stored and/or re-stored;
- details concerning any emissions (air pollution, noise, tremor, light or thermal radiation, other radiation);
- disruptions according to German ss. 2 StorfalIVO and breach of security duties according to German ss. 3 StorfalIVO;
- details concerning any violation of environmental protection laws, breached or not fulfilled conditions of an environmental permission and copies of all notes that were received by the Company in this respect and all related correspondence;
- disadvantageous environmental, health or safety conditions or harms to the environment because of released poisonous, dangerous or other substances, or items whose release is prohibited or restricted according to environmental laws or health or safety regulations;
- incurred waste in the Company sites, sorted by "waste key" and "waste group" according to German KrW-/AbfG;
- the disposal methods according to German A KrW-/AbfG and the waste utilization method according to German B KrW-/AbfG;
- information about obligations to establish an economic waste concept according to German ss. 19 KrW-/AbfG and waste balances according to German ss. 20 KrW-/AbfG and the law of the Land, respectively;
- Company owned waste disposal plants (especially disposal sites), description of papers, security orders and re-cultivation orders;
- information whether any waste exports take place, waste category according to the appendix to German AbfallverbringungsVO;
- special waste-products produced in the production process in the Company sites;
- details concerning all dangerous and poisonous substances or items, whose use is prohibited or limited according to environmental, health and security regulations, and that are used or released by a Company site or that are stored or contained in a building, plant, machine, instrument, etc. (e.g. Polychlorbiphenyl, asbestos, mold, arsenic, cadmium, mercury and benzol);
- information about environmental protection, health and security policies, copies of all Company's procedures, textbooks, emergency measures and measures in the case of accidents with dangerous substances, risk management reports and other related information;
- information about executed, initiated or planned measures for the redevelopment of harms to the environment, especially for the redevelopment of soil;

(h) Also set forth on Schedule 2.9 is a

- listing of all documents and reports relating to possible dangers

for, or pollutions of ground water by the Company sites and all documents relating to this without regard to the source of such documents or reports;

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- list of control wells or ground water observation sites near the Company sites;
- listing all incidents in the Company sites in the past five years where environmentally depriving substances drained or were released and/or incidents that might result in claims against the Company, its assigns or future owners of the concerned real property;
- listing of contracts with waste disposal companies;
- copy of all certificates (environmental management systems according to ISO 9001 ff. or DIN VDE);
- copy of all environmental audits;
- copy of each environmental impact assessment (EIA) according to German UVPO;
- copy of any environmental declaration;
- list of responsible Persons in the executive level of the Company (technically and legally) and of persons looking after plants to be approved according to German ss. 52 a Abs. 1 BImSchG; list of Persons already appointed environmental representatives, representatives for the protection from noises, smells, etc. effecting neighbouring property, representatives for the protection of waters, waste representatives, representatives for the protection against fire and representatives for radiation protection and representatives for disruptions;
- listing of all documents and reports about environmental, health and security inspections, no matter whether they were executed by the Company, officials of Governmental Authorities or third parties.

(i) Also contained on Schedule 2.10 is information about the date of the latest examination of health and safety at work and information about imposed precautionary measures (e.g. noise prevention measures).

Section 2.11 Litigation.

(a) Except as set forth on Schedule 2.11 there is no (i) action, suit, claim, proceeding or investigation pending or, to the knowledge of the Seller or any Company officer, threatened against or affecting the Company or its assets or properties, at law or in equity, or before or by any federal, commonwealth, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, (ii) arbitration proceedings relating to the Company or its assets or properties or (iii) governmental inquiries pending or, to the knowledge of the Seller or any Company officer, threatened relating to or involving the Company, its assets, properties or business or the transactions contemplated by this Agreement (including inquiries as to the qualification of the Company to hold or receive any Permit) and no Seller or Company officer knows of any basis for any of the foregoing.

(b) Except as set forth on Schedule 2.11, the Company has not received any opinion or memorandum or legal advice or notice from legal counsel to the effect that it is exposed, from a legal standpoint, to any liability or disadvantage which may be material to its business. The Company is not in default with respect to any order, writ, injunction or decree known to or served upon the Company of any court or of any federal, commonwealth, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign. There is no pending action or suit brought by the Company against others.

(c) Except as set forth in Schedule 2.11, there are no (i) existing or pending litigations or arbitrations or mediations, or any circumstances which may give rise thereto or (ii) any claims or disputes, or (iii) any

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litigations or arbitrations or mediations which have been concluded within the past three (3) years, or (iv) any official questions, including those of the environmental authority and the office for the protection of health and safety at work, or (v) any unlawful restraints of trade or unfair competition or closed and open suits with the anti-trust commission in the past three (3) years, in which the Company or any Subsidiary or its board or management, associated companies, commercial agents or employees are or were involved.

(d) Neither the Seller nor any Company officer knows of any violation of any other federal or state or European Community laws by the Company, there has not been any claim received by the Company of violation of any federal, state or European Community laws by the Company, and, so far as is known to the Seller or any Company officer, no basis for any such claim exists.

(e) Neither the Seller nor any Company officer knows of any action which, if done after the Closing would constitute violation of any German laws by the Company nor has there been any claim received of violation of any German laws by the Company or any Subsidiary, and, so far as is known to the Seller or any Company officer, no basis for any such claim exists.

(f) A true and complete list of every complaint or claim of defect, default or breach in the past three years by any customer or potential customer or prospect concerning any product sold or offered by the Company (or the respective business unit within Seller), separately by product line, is set forth on Schedule 2.11. There are no open critical complaints.

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Section 2.12 Intellectual Property.

Set forth on Schedule 2.12 is a complete and accurate list of all substantial proprietary and intellectual property rights, in any jurisdiction, whether owned or held for use under license, including such rights in and to: (i) trademarks, service marks, brand names, distinguishing guises, trade dress, trade names, words, symbols, color schemes, business names, internet domain names and other indications of origin ("Trademarks"); (ii) patents and pending patent applications (including all provisionals, divisionals, continuations, continuations-in-part, re-examination and reissue patents), inventors' certificates and invention disclosures ("Patents"); (iv) mask works or integrated circuit topographies, ("Mask Works"); (v) industrial designs ("Industrial Designs");(iii) computer programs and databases, including all object code, source code, algorithms, subroutines, specifications, data and documentation and all translations, compilations, arrangements, adaptations, and derivative works thereof, in each case whether patentable, copyrightable or not, and all documentation and embodiments thereof in all forms of media ("Software"), ; (vii) trade secrets and other confidential or non-public business or technical information, including ideas, formulas, compositions, program devices, compilations, patterns, discoveries and improvements, know-how, show-how, manufacturing and production methods, processes and techniques, and research and development information; drawings, designs, specifications, plans, proposals and technical and system data; analytical models, investment and lending strategies and records, financial and other products; financial, marketing and business data, pricing and cost information; business and marketing plans and customer and supplier lists and information; and Software; Mask Works; Industrial Designs; in each case whether patentable, copyrightable or not ("Trade Secrets"); and (viii) rights to limit the access, use or disclosure of confidential information by any Person in each case including all registrations of, and applications to register, any of the foregoing with any governmental authority and any renewals or extensions thereof; the goodwill associated with each of the foregoing; and any claims or causes of action or defenses arising out of or related to any of the foregoing Trademarks, Patents, Software collectively, the "Intellectual Property Rights".

The Company is the owner of all right, title and interest or has a valid transferable license to use without further payment to a third party, free and clear of any and all liens or other encumbrances, all of the Intellectual

Property Rights set forth on Schedule 2.12 which are used and necessary (i) for the design, development or manufacture of the Company products or services and (ii) to conduct Company's business as presently conducted or as contemplated to be conducted.

All of the specifications and documentation relating to the Intellectual Property Rights set forth on Schedule 2.12 which are used and necessary (i) for the design, development or manufacture of the Company's products and (ii) to conduct Company's business as presently conducted and as contemplated to be conducted are (x) in accordance with industry standards and (y) current, complete, accurate, and sufficient in detail and content to allow them full and proper use without reliance on the knowledge or memory of any individual and will be provided to the Purchaser on the Closing Date. All of the Intellectual Property Rights set forth on Schedule 2.12 are the only Intellectual Property Rights used and necessary (i) for the design, development or manufacture of the Seller's products or (ii) to conduct Seller's business as presently conducted and as contemplated to be conducted both in a laboratory and in a production/live environment under real business conditions in accordance with the specifications and documentation.

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Patents.

Schedule 2.12 contains the application or issued patent number of all of the issued patents set forth on Schedule 2.12 that have been registered with any governmental authority and the name of such governmental authority. All of such patents or applications are currently in compliance with all formal legal requirements (including payment of filing, examination, and maintenance fees and proofs of working or use). All issued patents are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety (90) days after the Closing Date.

None of the issued patents set forth on Schedule 2.12 have been or are now involved in any interference, reissue, reexamination, or opposition proceeding and to the best knowledge of the Seller or any officer, there is no potentially interfering patent or patent application of any third party.

None of the issued patents set forth on Schedule 2.12 is infringed or, to the knowledge of the Seller or any officer thereof, has been challenged or threatened in any way.

All products made, used, or sold or services provided under the issued patents set forth on Schedule 2.12 have been marked with a proper patent notice.

Trademarks.

Schedule 2.12 contains the application or registered trademark number of all of the Trademarks that have been registered with any governmental authority and the name of such governmental authority. All of such registered Trademarks or applications are currently in compliance with all formal legal requirements (including the timely post-registration filing of affidavits of use and incontestability and renewal applications). All registered Trademarks are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety (90) days after the Closing Date.

None of the Trademarks set forth on Schedule 2.12 has been or is now involved in any opposition, invalidation proceeding or cancellation and, to the knowledge of the Seller or any officer, no such action is threatened.

To the best knowledge of the Seller or any officer, there are no potentially interfering Trademarks of any third party.

None of the Trademarks set forth on Schedule 2.12 is infringed or, to the knowledge of the Seller or any officer, has been challenged or threatened in any way.

Unless disclosed in Schedule 2.11 or 2.12, none of the Trademarks set forth on Schedule 2.12 infringes or is alleged to infringe any Trademark of any third party.

All products and services offered, sold or rendered under any of the Trademarks set forth on Schedule 2.12 contain the proper registration notice where permitted or required by law.

Copyrights.

Schedule 2.12 contains the registered copyright number of all copyrights

that have been registered with any governmental authority and the name of such governmental authority, all of such registered copyrights are currently in compliance with formal legal requirements, are valid and enforceable, and are not subject to any maintenance fees or taxes or actions falling due within ninety (90) days after the Closing Date.

None of the registered copyrights set forth on Schedule 2.12 are infringed or, to the knowledge of the Seller or any officer, have been challenged or threatened in any way.

None of the subject matter of any of the registered copyrights set forth on Schedule 2.12 infringes or is alleged to infringe any copyright of any third party or is a derivative work based on the work of a third party.

All works encompassed by the registered copyrights set forth on Schedule 2.12 have been marked with the proper copyright notice.

Trade Secrets.

Schedule 2.12 contains a list and a brief description of the Seller's Trade Secrets. All reasonable precautions have been taken by Seller to protect the secrecy, confidentiality and value of the Trade Secrets set forth on Schedule 2.12.

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The Trade Secrets set forth on Schedule 2.12 are not part of the public knowledge or literature, and, to the knowledge of the Seller or any officer, have not been used, divulged, or appropriated for the benefit of any third party.

None of the Trade Secrets set forth on Schedule 2.12 are subject to any adverse claim or have been challenged or threatened in any way.

Software.

Schedule 2.12 contains a list and a brief description of the Seller's Software. All reasonable precautions have been taken by Seller to protect the secrecy, confidentiality and value of the Software set forth on Schedule 2.12.

The Software, with the exception of object code and executables has not been licensed, sold or transferred to any third party and, to the knowledge of the Seller or any officer, has not been used, divulged, or appropriated for the benefit of any third party.

None of the Software set forth on Schedule 2.12 is subject to any adverse claim or have been challenged or threatened in any way.

All escrow agreements between the Seller and a third party are disclosed in Schedule 2.12. Unless disclosed in Schedule 2.12, the source code of any Software being in escrow has never been released and there has been no such request or claim for release.

To the knowledge of the Seller or any of its officers, no claims alleging the infringement of the Intellectual Property Rights of any third party have been received in writing during the past two (2) years or settled relating to the Intellectual Property Rights set forth on Schedule 2.12 which are used and necessary (i) for the design, development or manufacture of the Company's products or (ii) to conduct the Company's business as presently conducted or as contemplated to be conducted.

Except for the third party licenses as set forth on Section 2.12, there are no material agreements, judgments, settlement agreements or other obligations relating to Intellectual Property Rights, written or oral, that are used and necessary (i) for the design, development or manufacture of the Company's products; or (ii) to conduct Company's business as presently conducted or as contemplated to be conducted. To the knowledge of the Seller or any officer, there are no threatened disputes or disagreements with respect to any such third party licenses.

To the knowledge of the Seller or any officer, no Person is engaging in any activity that infringes in any material respect upon the Intellectual Property Rights set forth on Section 2.12 that are used and necessary (i) for the design, development or manufacture of the Seller's products or (ii) to conduct the Seller's business as presently conducted or as contemplated to be conducted.

All of the Seller's Intellectual Property Rights set forth on Section 2.12 that are used and necessary (i) for the design, development or manufacture of the Seller's products or (ii) to conduct the Seller's business as presently conducted or as contemplated to be conducted have been created by employees of the Seller within the scope of their employment by the Seller or by independent

contractors of the Seller who have executed agreements expressly assigning all right, title and interest in such Intellectual Property Rights to the Seller. Except as set forth in Schedule 2.12, no portion of the Seller's Intellectual Property Rights was jointly developed with any third party. No former or current employee of the Seller has entered into any written agreement that restricts or limits in any way the scope or type of work in which any employee may be engaged or requires any employee to transfer or assign any Intellectual Property Rights, or disclose information concerning his or her work to anyone other than the Seller.

All the Intellectual Property Rights required or necessary for the design, development or manufacture of the Seller's products (including intangibles, such as software) are disclosed in Schedule 2.12.

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Exhibit 2.12 hereto identifies each agreement with a third party pursuant to which the Seller obtains or has obtained any Intellectual Property Rights used in or necessary to the business of the Seller (other than software that is generally commercially available) that is owned by a party other than the Company. Other than license fees for software that is generally commercially available, the Company is not obligated to pay any royalties or other compensation to any third party in respect of its ownership, use or license of any of its Intellectual Property Rights.

The Seller has taken precautions (i) to protect its Intellectual Property Rights and (ii) to maintain the confidentiality of its Trade Secrets and other confidential Intellectual Property Rights, and to the knowledge of the Seller or any officer, there have been no acts or omissions (other than those made based on reasonable, good faith business decisions) by the officers, directors, shareholders and employees of the Seller or the result of which would be to materially compromise the rights of the Seller to apply for or enforce appropriate legal protection of the Seller's Intellectual Property Rights.

Section 2.13 Material Contracts.

The Seller has delivered to the Purchaser true summaries of all oral and (ii) copies of all written contracts, obligations and commitments of the Company now in effect, or which although terminated contain surviving obligations, to which the Company is a party or by which it or its property may be bound, together in each case with the entire contract file (collective "Contracts" and each a "Contract"). Each Contract under which the total obligation of or benefit to the Company is in excess of 25,000.00 Euros per year is described or otherwise referred to on Schedule 2.13 (the "Material Contracts"). No default, alleged default or anticipatory breach or delay or failure in performing exists on the part of the Company or, to the knowledge of the Seller or any Company officer, on the part of any other party, under any Material Contract, and there are no agreements of the parties relating to such Material Contracts which have not been disclosed in writing to the Purchaser. The Company is not a party to any other written or oral contract which could materially adversely affect the business of the Company. Except as set forth on Schedule 2.13 for each of the following items, the Company is not a party to any written or oral:

(a) contract not made in the ordinary course of business, other than this Agreement;

(b) employment, worker, contractor or consulting contract which is not terminable without cost or other liability to the Seller, or any successor thereof, upon notice of thirty (30) days or less other than those contained in the list mentioned in section 2.8.

(c) contract or collective bargaining agreement with any labor union or any other program or contractual commitment involving employees, workers, contractors, consultants or representatives other than those listed on Schedule 2.14;

(d) bonus, pension, profit-sharing, retirement, stock purchase, stock option, incentive compensation, hospitalization, insurance or similar plan, contract or understanding providing for employees, workers, contractors, consultants or representatives benefits of any kind other than those contained in the list mentioned in section 2.9.;

(e) lease with respect to any property, real or Personal, whether as lessor or lessee other than those listed on Schedule 2.6 or 2.7;

(f) contract for the purchase of real property, equipment or fixed assets which involve in the aggregate more than 25,000.00 Euros;

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(g) contract for the future purchase of materials, supplies or inventory
(i) which is in excess of the requirements of the business of the Company now booked or the requirements of the Company for its normal operating inventories, or (ii) which is not terminable without cost or liability to the Company, or any successor thereof, upon notice of thirty (30) days or less;

(h) contract for the sale or purchase of goods or other assets which is not terminable without cost or liability to the Company, or any successor thereof, upon notice of thirty (30) days or less;

(i) contract for the performance of services of any kind for or by the Company which is not terminable without cost or liability to the Company, or any successor thereof, upon notice of thirty (30) days or less;

(j) insurance contract other than those listed on Schedule 2.18;

(k) contract continuing for a period of more than three (3) months from its date, which is not terminable by the Company without cost or liability to the Company, or any successor thereof, upon notice of thirty (30) days or less;

(l) manufacturers' representative, sales agency, dealer or advertising contract which is not terminable on notice without cost or other liability to the Company;

(m) agreement or indenture for the borrowing or lending of money;

(n) agreement or indenture for the mortgaging or pledging of, or otherwise placing a lien or security interest on, any assets of the Company;

(o) option, warrant or other contract for the issuance of any debt or equity security, or the conversion of any obligation, instrument or security, into debt or equity securities of the Company;

(p) guaranty of any obligation for borrowed money or otherwise, excluding endorsements made for collection;

(q) settlement agreement of any administrative or judicial proceedings within the past five (5) years;

(r) agreement under which the Company has advanced or agreed to advance moneys

(s) commercial agency agreements and other commission contracts specifying a commercial agency territory and containing exclusiveness regulations or commercial agency agreements and other commission contracts which have been ended during the last five years;

(t) contract with professional advisers consulted by the Company, consultancy agreements with technical institutes or shipbuilding research institutes or contracts with lawyers, auditors, management consultants or tax advisors;

(u) confidentiality agreements;

(v) research or development contracts;

(w) subsidies, investment bonuses or other official grants, granted or applied for, including details of conditions that are connected with these subsidies and grants;

(x) existing and imminent obligations to reimburse granted subsidies, investment bonuses or other official grants; or

(y) contract or other agreement concerning the Company which could, as a consequence of the proposed acquisition, result in:

- i. monies becoming payable,
- ii. any contract or agreement being avoided, terminated or modified, or
- iii. a property interest being acquired or otherwise negatively affected.

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Section 2.14 Labor Matters.

(a) Except as disclosed on Schedule 2.14, (i) the Company is not party to

or bound by any collective bargaining agreement, shop agreement or similar agreement with any labor organization, or work rules or practices agreed to with any labor organization or employee association applicable to employees of the Company, (ii) none of the employees of the Company are represented by any labor organization, union, worker's council, employees' councils/ members of the unified employees' council or other employee representative organizations to which the Company, its Subsidiaries, or any of its or their Subsidiaries is or was a party, and there are no organizational campaigns, demands, petitions or proceedings pending or, to the knowledge of the Seller or the Company, threatened by any labor organization or group of employees seeking recognition or certification as collective bargaining representative of any group of employees, (iii) to the knowledge of the Seller and the Company, there are no union claims to represent the employees, (iv) there is no agreement with any labor organization which restricts the Company from relocating or closing all or any portion of its business, (v) there are no grievances asserted or arbitrations pending arising from or related to any collective bargaining agreement or similar agreement affecting the Company's business, and (vi) there are no strikes, controversies, slowdowns, work stoppages, lockouts or labor disputes pending or, to the knowledge of the Seller or the Company, threatened against or affecting the Company's business, and there has not been any such action against the Company's business during the past five (5) years.

(b) The Company and the Company's business is, and has, at all times during at least the last six (6) years, been in compliance in all material respects with all applicable laws, regulations and ordinances respecting immigration, employment and employment practices, and the terms and conditions of employment, including, without limitation, employment standards, equal employment opportunity, family and medical leave, wages, hours of work, occupational health and safety and employee benefits, and is not engaged in any practices violating applicable law, ordinance or regulation. There are no employment contracts, severance agreements or retention agreements, oral or written, with any employees and no written Personnel policies, rules or procedures applicable to employees, other than those set forth in Schedule 2.14 annexed hereto, true and correct copies of which have heretofore been made available to the Purchaser. Except as set forth in Schedule 2.14 annexed hereto, there are (i) no complaints, claims, controversies, charges, lawsuits or other proceedings related to the Company's business or its employees pending, or, to the knowledge of the Seller or the Company, threatened, in any court or with any agency responsible for the enforcement of federal, state, local or foreign labor or employment laws regarding breach of any express or implied contract of employment, any law or regulation governing labor relations, employment or the termination thereof or other illegal, discriminatory, wrongful or tortious conduct in connection with the employment relationship, the terms and conditions of employment, or applications for employment with the Company, and (ii) no federal, state, local or foreign agency responsible for the enforcement of immigration, labor, equal employment opportunity, family and medical leave, wages, hours of work, occupational health and safety or any other employment law is conducting an investigation with respect to or relating to the Company's business or its employees or, to the knowledge of the Company or the Seller, intends to conduct such an investigation.

(c) The consummation of the transactions contemplated in this Agreement will not entitle any employee to severance pay or accelerate the time of payment of compensation due to any Employee.

(d) Schedule 2.14 also includes a list of all employers' associations in which the Company or any Subsidiary is a member.

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Section 2.15 Conduct of Business.

Except only as set forth on Schedule 2.15, since October 1, 2005, the Company's business has been conducted in the ordinary course, and its assets and properties have been maintained in the same manner as Seller conducted the business and maintained its assets and properties prior to organization of the Company and in at least such order and condition as is necessary to continue so to conduct its business, and neither the Company nor the Seller with respect to the business unit of the Company's business has:

(a) incurred any obligation or liability (absolute, accrued, contingent or otherwise), except in the ordinary course of the Company's business or in connection with the performance of this Agreement;

(b) discharged or satisfied any Lien, or paid or satisfied any obligation or liability (absolute, accrued, contingent or otherwise) other than (i) liabilities shown or reflected on the September Financial Statements or (ii) liabilities incurred since the date of the September Financial Statements in the ordinary course of business;

(c) increased or established any reserve for taxes or other liability on its books or otherwise provided therefore, except as may have been required in accordance with IFRS due to the operations or income of the Company since the date of the September Financial Statements;

(d) subjected any of the assets, properties or business of the Company to any Lien;

(e) sold, assigned or transferred any asset, property or business or cancelled any debt or claim or waived any right, except in the ordinary course of business of the Company;

(f) sold, assigned, transferred or permitted to lapse any rights with respect to any Intellectual Property Rights or other intangible asset;

(g) granted any general or uniform increase in the rates of pay of employees of the Company or any increase in salary payable or to become payable to any officer, employee, consultant or agent of the Company, or changed or increased the compensation payable to any officer, employee, consultant or agent of the Company for any period before or after the date of the September Financial Statements, or by means of any bonus or pension plan, contract or other commitment increased the compensation of any officer, employee, consultant or agent of the Company except those contained in the list mentioned in sect.2.8

(h) made or authorized any capital expenditures for additions to plant and equipment accounts of the Company in excess of 25,000.00 Euros in the aggregate;

(i) except as set forth on Schedule 2.15, made any loan or payment to any shareholder or any affiliate, or declared, set aside or paid to any shareholder or affiliate any dividend or other distribution in respect of its capital stock, or redeemed or purchased any of its capital stock, or agreed to take any such action;

(j) issued, sold or transferred, or agreed to issue, sell or transfer, any stock, bond, debenture or other corporate security of the Company, whether newly issued or held in treasury;

(k) except for this Agreement, entered into any transaction other than in the ordinary course of business of the Company;

(l) experienced damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting its properties, assets or business, or experienced any other material adverse change in its financial condition, assets, liabilities or business;

(m) experienced any adverse change in the assets, liabilities, business, condition (financial or otherwise) from that disclosed on the September Financial Statements;

(n) received any opinion, memorandum, legal advice or notice (written or oral) from any legal counsel, consultant, Governmental Authority or other third party to the effect that it is exposed to any liability or disadvantage.

(o) taken any action which would have the effect of terminating any Permit.

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Section 2.16 Tax Matters.

(a) Insofar as the Company is obliged to have filed tax returns, the Company has filed all tax returns required to be filed by it under the laws of the Federal Republic of Germany, UK and Singapore and each other country, state or other jurisdiction in which it conducts business activities or is required to file tax returns. The Company has paid or set up an adequate reserve in respect of all taxes for the periods covered by such returns, as well as all other taxes, assessments and governmental charges which have become due or payable, including all taxes which the Company is obligated to withhold from amounts owing to employees, shareholders, creditors and third parties. The Company does not have any tax liability for which no tax reserve has been made in respect of any jurisdiction in which the Company has business activities or otherwise has a tax obligation. The Company has set up as provisions for taxes in the Balance

Sheet amounts sufficient for all accrued and unpaid federal, state and local taxes of the Company with the exception of income taxes concerning the time period from January 1 until June 30, 2005, whether or not disputed, including any interest and penalties in connection therewith.. Tax" or "Taxes" shall mean any taxes including, but not limited to income tax, transfer tax, stamp tax, capital tax, property tax, withholding tax, value added tax, and any other type of governmental tax or levy whatsoever, (including without limitation income, gross receipts, profits, alternative or add-on minimum, franchise, license, capital, capital stock, intangible, services, premium, transfer, sales, use, ad valorem, value added, payroll, wage, severance, employment, occupation, property (real or personal), windfall profits, import, excise, custom, stamp, withholding or estimated taxes), fees, duties, assessments, withholdings or governmental charges of any kind whatsoever (including interest, penalties, additions to tax or additional amounts with respect to such items) under any Applicable Laws to which the Company or the Seller is subject, if any.

(b) The Company's subsidiary's UK income tax returns have been examined by Pricewaterhouse Coopers (or closed by applicable statutes) for all years to and including the fiscal year ended 2004 and no such examinations are in progress. The Company's subsidiary's Singapore income tax returns have been examined by the Pricewaterhouse Coopers (or closed by applicable statutes) for all years to and including the fiscal year ended 2004 and no such examinations are in progress. Any deficiencies proposed as a result of said audits have been paid or finally settled and no issue has been raised in any such examinations which, by application of similar principles, reasonably can be expected to result in the assertion of a deficiency for any other year not so examined. The results of any settlements and any necessary adjustments in state income tax resulting therefrom are properly reflected in the Company's financial statements referred to in Section 2.04. Neither the Company nor the Seller is aware of any fact which would constitute grounds for any further tax liability with respect to the years which have not been examined. No agreements or waivers have been made by or on behalf of the Company for the extension of time for the assessment of any tax or for any applicable statute of limitations.

(c) Except for taxes for the payment of which an adequate reserve has been established on the Balance Sheet, there are no tax liabilities, whether imposed by any federal, state or local taxing authority, outstanding against any of the assets, properties or business of the Company.

(d) For purposes of this Section 2.16, the term "the Company" shall include each other entity with which the Company files consolidated or combined income tax returns or reports.

(e) The Parties agree that - irrespective of anything to the contrary in this Agreement - Seller shall be liable for a potential trade tax liability resulting from dividend payments of the UK Subsidiary. This obligation terminates six months after the Company having received the audit report from the tax authorities.

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Section 2.17 Absence of Undisclosed Liabilities.

(a) The Company has no Indebtedness (as defined below) or liabilities of any character whatsoever, whether or not accrued and whether or not fixed or contingent, other than (i) liabilities reflected in the Balance Sheet, (ii) liabilities incurred in the ordinary course of business of the Company subsequent to the date of the Balance Sheet, none of which has been or is materially adverse to the assets, properties or business of the Company and (iii) liabilities incurred in connection with performance of this Agreement.

(b) "Indebtedness" includes, but is not limited to, off balance sheet obligations, loan or credit agreements, promissory notes, guarantees, mortgages or other pledges, debenture bonds or loans, agreements to secure fixed or floating assets, credits, letters of credit or bank guarantees by or in favor of the Company, financial obligations or other short term or long term credit agreements or unredeemable terminable debentures of any kind.

(c) Neither the Company nor any of its Subsidiaries have any equity, financial or creditor interest, direct or indirectly, in any special purpose entity.

Section 2.18 Insurance.

All policies of insurance, together with the premiums currently paid thereon, covering the Company's plant, machinery, equipment and inventory used in the business of the Company, or providing for business interruption, general liability, Personal and product liability coverage, are described on Schedule 2.18. Schedule 2.18 also lists all risks covered by insurances standard in the industry, including the sum insured, the insurer, the purpose of the insurance, the premium and the amount of a possible excess. All such policies, will be outstanding and in full force and effect at the Closing Date, subject to the provisions of Section 4.04 hereof. Except as set forth on Schedule 2.18, there are no claims, actions, suits or proceedings arising out of or based upon any of such policies of insurance, and, so far as is known to the Seller or any Company officer, no basis for any such claim, action, suit or proceeding exists and there were no claims for damages of more than EUR 10,000.00 per case or existing or possible insurance claims during the past three years. There are no notices of any pending or threatened terminations or substantial premium increases with respect to any of such policies and the Company in compliance with all conditions contained therein.

Section 2.19 Transactions with Affiliates.

(a) Except as set forth on Schedule 2.19, there are no outstanding notes payable to or accounts receivable from, or advances by the Company to, and the Company is not otherwise a creditor of, or a party to a contract with or has engaged in a transaction with, Seller, or any Subsidiary or affiliate or any managing director, officer (Leitender Angestellter, Prokurist), employee, subsidiary or affiliate of Seller or the Company or any Subsidiary or affiliate.

(b) Except as set forth on Schedule 2.19, there are no

- i. contracts as mentioned in German ss. 291 ff. AktG (Control Agreements and Profit and Loss Sharing Agreements) or transfer agreements with related parties (e.g. Cash-Pool- and Clearance Contracts) or management agreements;
- ii. contracts and agreements, including loan agreements, between the Company and its shareholders (including all former shareholders of the Seller during the previous two years) or associated companies or related persons (as stated in German ss. 15 AO) or guarantees, securities, liabilities, patronages, subordination letters and other securities in favour of the Company or shareholder agreements, share-pooling agreements or vote-pooling agreements;

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- iii. other material contracts between the Company and associated companies during the previous five years; or
- iv. contracts regarding the supply of goods or services, which have been entered into between the Company and Seller or any affiliated companies during the previous five years.

(c) The aforementioned contracts - as far as still effective - can only be changed by Seller with the consent of Purchaser until Closing Date.

Section 2.20 Customers.

Seller has handed out to the Purchaser a true and correct list of all customers of the Company for the period commencing January 1, 2005 and ending September 30, 2005, indicating the amount of aggregate payments, including commissions and fees, paid to the Company by each such customer for such period and, the amount of work in process, the names of the employees of the Company who were primarily responsible for selling and for servicing such customers as of such date. Except as indicated in the list mentioned above, none of such customers has terminated or indicated an intention or plan to terminate all or a material part of the products sold to or services performed for such customer, or any orders for materials, in favor of another firm or for any other reason nor has the Company any reason to believe any of such customers may terminate all or a material part of such products and services, whether by reason of the transaction contemplated by this Agreement or for any other reason. The Company is in compliance with all such customers' orders with respect to work in process and has received no notice of, and neither the Company nor the Seller knows of

any reasonable basis for, any complaint by any such customer with respect to work in process or work delivered or completed. Except as indicated in the list mentioned above, none of the employees primarily responsible for selling to or for servicing customers listed thereon has terminated or indicated an intention or plan to terminate his or her employment with Company or had such employment terminated.

Section 2.22 Assets.

(a) The Seller represents and warrants that all of the assets of the Company, including without limitation, tangible and intangible assets and Intellectual Property Rights described in Schedules 2.7, 2.12 and 2.21 (i) are actually owned by the Company on the date hereof and will be owned by the Company on the Closing Date; (ii) were duly and effectively transferred to the Company by the Seller prior to September 30, 2005; and (iii) are adequate in all respects to continue the business of the Company.

(b) Schedule 2.21 sets forth all of the furniture and fixtures and machinery and equipment of the Company. The furniture and fixtures and machinery and equipment set forth in Schedule 2.21 are in good condition and in the case of the machinery and equipment are in good operating order.

Section 2.22 Corporate Name, Varetis Brand.

Set forth on Schedule 2.22 is a correct and complete list of all locations in which the corporate name "Varetis", or any variation thereof is currently used by the Company or any of its affiliates. The Company or one of its affiliates has the full legal right to so use such name and variations in each of such jurisdictions. Seller shall recommend to its shareholders to resolve a change of its current company name "varetis AG" to a different one not similar or in any way related to "Varetis" in a shareholders' assembly, giving effect to this change of company name not later than June 30, 2006. Except as indicated in Schedule 2.22, neither the Seller, the

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Company, nor any affiliate thereof, knows, or has reason to know, of any actual or threatened claim by any third party with respect to the use of such name or of any actual or proposed use of the name "Varetis", or any variation thereof by any third party in conflict with the use thereof by Company. The use by Company and its affiliates of the name "Varetis", and the variations thereof used by them does not infringe upon the rights of any third party and the Company has not granted any third party any right to use such name or any variation thereof. Irrespective of the disclosure in Schedule 2.22 the Company has the right to use the corporate name and the brand "Varetis" without restriction for a period of one year after the Closing Date. In case the corporate name and the brand "Varetis" is offended by a third party the seller shall take all legal measures to defend the right to use the corporate name and brand at its own cost. For the avoidance of doubt it is agreed that the law suit disclosed in Schedule 2.22 is the risk of Seller. The Seller is authorized to settle the law suit with the written approval of the Purchaser.

Section 2.23 Seller's Organization; Authority.

The Seller is a corporation duly organized and validly existing under the laws of the Federal Republic of Germany. The Seller is duly qualified to do business in all jurisdictions in which qualification is required. The Seller has all necessary corporate power to own all of its properties and assets and to carry on its business as now being conducted. The Seller has all necessary power and, as of the Closing Date, will be duly authorized to sell, convey, assign and transfer the Shares as contemplated by this Agreement and to perform its obligations under the Escrow Agreement and the other documents, agreements and certificates executed and delivered by Seller in connection herewith.

Section 2.24 Binding Obligation; Consents.

The execution and delivery of this Agreement and the Escrow Agreement by the Seller do not, and the consummation of the transactions contemplated hereby and

thereby will not violate any provision of the certificate of incorporation or by-laws of the Seller or violate any provision of, or result in a breach of any of the terms or provisions of, or result in the acceleration of any obligation under, or constitute a default under, any mortgage, Lien, lease, agreement, instrument, order, arbitration award, judgment or decree, to which the Seller is a party, or to which the Seller is, or the assets, properties or business of the Seller are, subject. Each of this Agreement and the Escrow Agreement and all other agreements attached to this Agreement as Exhibit is a valid and binding agreement of the Seller, enforceable against the Seller in accordance with its terms. All authorizations, approvals and consents necessary for the execution and delivery by the Seller of this Agreement and the Escrow Agreement have been given or made with the exception of the ones listed in Schedule 2.24. Except as set forth on Schedule 2.24 or otherwise referred to herein, no consent, action, approval or authorization of, or registration, declaration or filing with, any Governmental Authority having jurisdiction over the Seller or the Company is required to be obtained by the Seller or the Company to authorize the execution and delivery by the Seller of this Agreement or the performance by the Seller of its terms.

Section 2.25 The Shares.

The Seller is the beneficial and record owner of all the Shares and the Shares are owned by the Seller free and clear of all Liens, equities, options, privileges, restrictions on the transfer of shares outside the statutory provisions of the German Law pertaining to Limited Liability Companies (GmbH-Gesetz), preemptive rights, rights of conversion, or other privileges or special obligations of shareholders or any options on shares of the

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Company, agreements regarding future purchases or sales of shares in the Company or pledges, charges or other encumbrances upon or options on shares of the Company or its associated companies, or trust agreements, warrants and rights whatsoever and are not subject to any restrictions with respect to transferability. Upon payment of the Purchase Price as provided for hereunder, the Purchaser will receive good and marketable title thereto, free and clear of all Liens, equities, options, warrants and rights whatsoever. On the Closing Date, all share transfer or other taxes and charges (other than income taxes) pursuant to the tax laws and provisions of the Federal Republic of Germany which are required to be paid in connection with the sale and transfer of the Shares to the Purchaser hereunder will have been fully paid by the Seller and all laws imposing such taxes or charges will have been fully complied with in respect of the Shares by the Seller.

Section 2.26 Internal Controls.

The Company and each of its Subsidiaries maintain a system of internal accounting controls sufficient to provide reasonable assurance that (i) transactions are executed in accordance with management's general or specific authorizations; (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain asset accountability; (iii) access to assets is permitted only in accordance with management's general or specific authorization; and (iv) the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Section 2.27 Commercial Bribery.

Neither the Company nor any of its Subsidiaries nor, to the knowledge of the Seller or the Company, any director, officer, agent, employee or affiliate of the Seller acting for the Company or any of its or their Subsidiaries is aware of or has taken any action, directly or indirectly, that would constitute an offer, payment, promise to pay or authorization of the payment of any money, or other property, gift, promise to give, or authorization of the giving of anything of value to any Person or political party or official thereof or any candidate for political office, in contravention of law, and the Company and its

Subsidiaries and, to the knowledge of the Seller and the Company, its affiliates have instituted and maintain policies and procedures designed to ensure, and which are reasonably expected to continue to ensure, continued compliance therewith.

Section 2.28 Money Laundering.

The operations of the Company and its Subsidiaries are and have been conducted in compliance with the money laundering statutes of all jurisdictions where and for the time the Group Companies have been doing business (in particular the statutes of the German Anti-Money-Laundering-Code ("Geldwaschegesetz"), of the second anti-money laundering directive of the European Parliament and the Council of the European Union, i.e. Directive 2001/97/EC of December 4, 2001, and the U.S. Money Laundering Control Act of 1986 and the USA Patriot Act of 2001), the rules and regulations thereunder and any related or similar rules, regulations or guidelines, issued, administered or enforced by any governmental agency (collectively, the "Money Laundering Laws") and no action, suit or proceeding by or before any court or Governmental Authority or any arbitrator involving the Company or any of its Subsidiaries with respect to the Money Laundering Laws is pending or, to the best knowledge of the Seller or the Company, threatened.

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Section 2.29 Disclosure; Representations and Warranties.

The Seller has made full, true and complete responses in writing (and contained in the Schedules attached hereto) to all the Purchaser's requests for information, documents, contracts and records of the Seller and the Company. Neither this Agreement nor any statement, certificate, writing or document furnished to the Purchaser by the Seller or the Company in connection with this Agreement contains, as of the dates of such documents, any untrue statement of a material fact or omits to state a material fact necessary to make the statements contained therein not misleading. Except as set forth in this Agreement or in a Schedule hereto, no fact (other than circumstances or events which are common knowledge or normal business risks) with respect to the Company's business, operations or condition is known to the Seller or the Company which materially and adversely affects the Company's business, operations or condition or any of its assets or properties.

Section 2.30. No Further Representation None of the Seller, its affiliates or any of their respective officers, directors, employees or representatives make or have made any other representation or warranty, express or implied, at law or in equity, in respect of the Company, the Subsidiaries, the Shares or any of the Assets.

ARTICLE III

REPRESENTATIONS AND WARRANTIES BY THE PURCHASER

The Purchaser represents and warrants that:

Section 3.01 Organization and Authority.

The Purchaser is a corporation duly organized and validly existing in good standing under the laws of the Federal Republic of Germany. The Purchaser has the corporate power to execute, deliver and perform this Agreement and the Escrow Agreement and the documents, agreements and certificates executed and delivered by the Purchaser in connection herewith and therewith. The Purchaser has taken all action required by law, its certificate of incorporation, its by-laws or otherwise to authorize the execution and delivery of this Agreement and the Escrow Agreement, and the documents, agreements and certificates executed and delivered by the Purchaser in connection herewith and therewith, except for obtaining the approval of the board of directors of Volt Information Sciences Inc. and/or the board of managers of Volt Delta Resources LLC which is required for this Agreement to be binding on Purchaser and required for the guarantee of either Volt Information Sciences Inc. or Volt Delta Resources LLC. Purchaser agrees to submit this Agreement for approval to said boards on or before November 17, 2005, and if approved by one or both of those boards to

notify Seller by delivery of a Secretary or Assistant Secretary Certificate certifying such approval at which time, if approved, this Agreement will become binding on Purchaser. If Purchaser does not deliver such a certificate to Seller on or before 5 p.m. Munich Time on November 20, 2005, Seller has the right to rescind this Agreement. The Escrow Agent is committed to establish the Escrow Account by November 17, 2005. The execution and delivery of this Agreement and the Escrow Agreement does not, and the consummation of the transactions contemplated hereby and thereby will not, violate any provision of the certificate of incorporation or by-laws of the Purchaser, or any provision of any agreement, instrument, order, judgment or decree to which the Purchaser is a party or by which it is bound. Approval from lenders to Volt Information Sciences, Inc. must be obtained.

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Section 3.01 Litigation; Consents.

(a) The Purchaser knows of no pending or threatened action, suit, proceeding or investigation before any court or governmental body, or by any governmental agency to restrain or prevent the performance of the transactions contemplated by this Agreement or which might affect the right of the Purchaser to own, the Shares.

(b) Except as otherwise referred to herein, no consent, action, approval or authorization of, or registration, declaration or filing with, any governmental department, commission, agency or other instrumentality having jurisdiction over the Purchaser is required to be obtained by the Purchaser to authorize the execution and delivery by the Purchaser of this Agreement or the performance by the Purchaser of its terms.

Section 3.03. Funds.

On or before the Closing Date the Purchaser has or will obtain sufficient immediately available funds to pay at the Closing, in cash, the full amount of the Purchase Price and all other amounts payable pursuant to this Agreement.

ARTICLE IV

COVENANTS OF THE SELLER AND THE PURCHASER

Section 4.01 Maintain Shares. Before the Closing Date, the Seller shall, not, without the consent of the Purchaser, (a) sell or otherwise transfer any of the Shares or (b) incur or permit to exist any Lien on any of the Shares.

Section 4.02 Approvals; Consents. Notwithstanding the provision in Section 8.09, the Seller shall obtain or cause to be obtained all consents, approvals and authorizations required by law, statute, rule, regulation, contract or agreement to be obtained by the Seller, including but not limited to obtaining shareholder approval, in connection with the sale and transfer by the Seller to the Purchaser of the Shares and the transactions contemplated hereby and thereby. The Company and the Seller shall use their best efforts to obtain all consents, approvals and authorizations listed above, including but not limited to a recommendation to the shareholders of the Seller to approve the Transaction.

Section 4.01 Maintain Company Business

(a) From the date hereof to and including the Closing Date, the Seller, the Company and their respective officers, directors and employees shall use its and their best efforts to preserve the business organization of the Group Companies intact, to keep available to the Purchaser the services of the present managing directors, officers (Leitende Angestellte, Prokuristen) and employees of the Company, and to preserve for the Purchaser the good will of the suppliers, customers and others having business relations with the Company. At all times until the Closing Date, Seller (in relation to the Company), the Company and their subsidiaries will take no actions other than actions in the ordinary course of business and consistent with their past practices, and will use their best efforts to preserve intact their business organization and good will and

preserve their relationships with their customers, suppliers and others having business relations with them. Without limiting the foregoing, neither the Company nor any of their subsidiaries will change any of their accounting policies, nor incur any additional obligations, nor prepay any obligations, for borrowed money, nor

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encumber assets, sell any assets, commit to long term (more than 12 months) purchase commitments, commit to capital expenditures or increase (or authorize an increase in) outstanding shares, employee compensation or benefits (except such as may be required by law or an existing binding agreement). No options, warrants or similar rights of the Company may be amended or modified without the prior written consent of Purchaser. Seller agrees to give notice in writing to Purchaser promptly following the occurrence of any event which has had (or which is likely to have) an adverse effect upon its assets, business, operations, prospects, properties or condition (financial or otherwise) or the proposed Transaction.

(b) From the date hereof to and including the Closing Date, the Seller, the Company and their respective officers, directors and employees shall use its and their best efforts to cause the Company to continue the operation of its business in the ordinary course, and to maintain its assets, properties and rights in at least as good order and condition as exists on the date hereof, and shall not, without the written consent of Purchaser, permit the Company to:

- (i) encumber any of its assets, properties or right or enter into any transaction or make any contract or commitment relating to its assets, properties or business, except in the ordinary course of business;
- (ii) enter into any employment contract
- (iii) enter into any contract or agreement (x) which cannot be performed within three (3) months or less or (y) which involves the expenditure of over 20,000.00 Euros, except in either case for sales and purchase contracts in the ordinary course of business;
- (iv) reclassify or change in any manner its outstanding shares of stock or issue or sell any shares of its capital stock or other securities, or redeem or otherwise acquire, or enter into any contract or commitment to redeem or otherwise acquire, any shares of stock of the Company;
- (v) make any declaration, payment or distribution of a dividend or any other payment to any shareholder except as set forth on Schedule 2.15;
- (vi) transfer any assets of the Company to any shareholder or any other affiliate;
- (vii) make any payment or distribution to any trustee under any bonus, pension, profit sharing or retirement plan or incur any obligation to make any such payment or contribution which is not in accordance with the Company usual past practice, or make any payment or contribution or incur any obligation pursuant to or in respect of any other plan, contract or arrangement providing for any bonus, incentive compensation, pension, deferred compensation, retirement payment, profit sharing contribution or any other employee benefit, which is not in accordance with the Company usual past practice;
- (viii) extend credit in excess of 10,000.00 Euros to any customer who was not a customer before the date of this Agreement, or depart from the normal and customary trade, discount and credit policies of the Company;
- (ix) guarantee the obligation of any Person, firm or corporation, except by the endorsement of negotiable instruments for deposit or collection in the ordinary course of business;
- (x) take any action of the character described in Section 2.05 which would have been required to be disclosed pursuant thereto had such action been taken after the date of the Balance Sheet and before the date of this Agreement;
- (xi) purchase or sell any securities for investment;
- (xii) amend either its charter or by-laws or other documents of formation and management; (xiii) make any changes in any of its

methods of accounting or in any of its accounting practices;

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- (xiv) change the banking or safety deposit arrangements of the Company; or
- (xv) enter into any new transaction or agreement or an amendment, modification or extension to an existing transaction or agreement with any shareholder, officer, member, director, consultant or employee of the Seller or of the Company or of any Subsidiary or affiliate of either.

Section 4.04 Insurance. At any time before the Closing Date, the Seller will, at the Purchaser's direction and expense, cause the Company to add, if possible, new coverage or increase the coverage on, or otherwise amend, any of the insurance policies described on Schedule 2.18 the extent of such added or increased coverage or the nature of such amendment being a matter solely in the discretion of the Purchaser.

Section 4.05 Non-Compete. (a) For a period of three (3) years following the Closing Date, the Seller shall not, directly or indirectly, or through or in association with any Person, firm, corporation, partnership, association or other entity, engage in or conduct any enterprise or business anywhere in the world which distributes, designs, manufactures, markets, sells or otherwise deals in products or services which are manufactured or sold or furnished by the Company as described in detail in Schedule 4.05(a) the Subsidiaries or the Joint Ventures or are competitive with the business of the Company, the Subsidiaries or the Joint Ventures or their successors as such business is being conducted by the Company, the Subsidiaries or the Joint Ventures on the date hereof;

(b) For a period of two (2) years following the Closing Date, neither the Seller nor the Purchaser shall, directly or indirectly, or through or in association with any Person, firm, corporation, partnership, association or other entity solicit any of the employees of the Company and/or the respective other Party on the date hereof or employees of the Company and/or the respective other Party on the Closing date to leave their employ.

Section 4.06 Financial Information.

For six months after the Closing Date the Seller shall furnish the Purchaser with such additional financial and operating data and other information regarding the Company's or the Subsidiaries' operations, business, properties and assets as the Purchaser shall from time to time reasonably require.

Section 4.07 Cooperation.

The Seller (i) will cooperate with the Purchaser in disclosing and delivering to the Purchaser all Intellectual Property Rights used in the business of the Company, (ii) will cooperate with the Purchaser connection therewith after the Closing Date in such manner as may reasonably be required by the Purchaser and (iii) will not disclose the same to any other Person without the prior written consent of the Purchaser.

Representatives of the Company will introduce representatives of the Purchaser to such clients/customers of the Company as the Purchaser requests and will discuss the contemplated acquisition with such clients/customers. The Seller will use its best efforts to recommend to such clients/customers of the Company to remain clients/customers of the Company from and after the Closing Date.

Section 4.08 Notice of Breach. The Seller will immediately give notice to the Purchaser of the occurrence of any event or the failure of any event to occur that results in a breach of any representation or warranty hereunder by the Seller or a failure by the Seller to comply with any covenant, condition or agreement contained herein.

Section 4.09 Covenant as to Representations.

The Seller (a) will take all action necessary to render accurate as of the Closing Date its representations and warranties contained herein, (b) will refrain from taking any action which would render any such representation or warranty inaccurate in any material respect as of such time, (c) will perform or cause to be satisfied each covenant or condition to be performed or satisfied by it or them as contemplated by this Agreement and (d) will immediately notify Purchaser if any representation or warranty becomes untrue or there should occur any event that might result in any representation or warranty becoming untrue. Without limiting the generality of the foregoing, in the event that the Intellectual Property Rights set forth on Section 2.12 that are used and necessary (i) for the design, development or manufacture of the Company's products or (ii) to conduct the Company's business as presently conducted or as contemplated to be conducted are incomplete, the Seller agrees to transfer, license or obtain the rights for the Purchaser to any missing Intellectual Property Rights for no additional consideration.

Section 4.10 Government Reviews.

The Seller and the Purchaser, in a timely manner, shall (i) make required filings with, prepare applications to and conduct negotiations with each governmental agency (including cartel authorities, if applicable, contrary to the Parties' assumption) as to which such filings, applications or negotiations are necessary or appropriate for the consummation of the transactions contemplated hereby and (ii) provide such information as may be required to make such filings, prepare such applications and conduct such negotiations. The Seller and the Purchaser shall cooperate with each other and use their best efforts to assist the other in making and pursuing such filings and applications and conducting such negotiations and promptly shall respond to all requests for additional information or documentation.

Section 4.11 Exclusivity.

Unless this Agreement has been terminated pursuant to Section 7.01 (a) through (c), there shall be an exclusivity period until March 31, 2006 (the "Exclusivity Period"). Seller hereby agrees that during the Exclusivity Period, neither it nor the Company nor any of its or their officers (Prokuristen und leitende Angestellte) and members of the Vorstand and Geschäftsführung and Seller's supervisory board, will directly or indirectly, solicit, initiate or knowingly encourage or take any other action to facilitate the submission to it of any Acquisition Proposal (hereinafter defined) or participate in or knowingly encourage any discussions or negotiations regarding, or furnish to any person any non-public information with respect to, or take any other action to facilitate any inquiries or the making of, any proposal that constitutes, or may reasonably be expected to lead to, an Acquisition Proposal. For purposes of this Agreement, Acquisition Proposal means with respect to the Company any proposal with respect to a (i) merger, consolidation, reorganization, recapitalization, reclassification, share exchange, tender offer, spin-off, split off, joint venture or other business combination or similar transaction involving the Company or any of its subsidiaries or any assets of the Company or any of its subsidiaries, (ii) any purchase or other acquisition of 5% or more of the consolidated assets of the Company and its subsidiaries or assets representing 5% or more of the consolidated net revenues of the Company and its subsidiaries or (iii) any purchase or other acquisition (by tender offer, exchange offer or otherwise) of 5% or more of the outstanding voting or equity securities of The Company.

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Section 4.12 Compensation, Preemption Right

In the event Seller initiates or considers an Acquisition Proposal, whether or not solicited, during the Exclusivity Period (whether or not it results in any acquisition), then Seller shall pay to Purchaser, as liquidated damages (and not

as a penalty) to compensate Purchaser for the effort and expense which Purchaser will be expending in the course of its investigation and for its lost opportunity, the sum of 1,000,000 Euros if the Transaction has been announced to the public. Any payment of EUR 1,000,000 shall include an irrevocable waiver of Purchaser and its affiliates regarding any claims for damages resulting from a breach of Section 4.11 whatsoever against Seller, provided further that any breakup fee paid by Seller under Section 7.02 and/or Section 8.23 shall be off-set against such EUR 1,000,000 it being understood that an amount of EUR 1,000,000 shall not be payable under this Section 4.12 and/or under Section 7.02 and/or Section 8.23 three times but only once. Further, until September 30, 2006, Purchaser shall have the right, but not the obligation, to match any Acquisition Proposal received by Seller and acquire the Shares or business of the Company on the same terms and conditions as are contained in such Acquisition Proposal and, if such Acquisition Proposal is negotiated and a final agreement is reached ("Final Proposal"), then Purchaser shall be entitled to match such Final Proposal and acquire the Shares or business of The Company on the same terms and conditions as are contained in such Final Proposal.

Section 4.13 Best Efforts. Each of the Seller and the Purchaser shall use its best efforts to cause all of the conditions to the obligations of the other to consummate the transactions contemplated hereby to be met as soon as practicable after the date of this Agreement.

Section 4.14 Promptly after the execution of this Agreement, Seller shall use best efforts to prepare and, as soon as is reasonably practicable, furnish to its shareholders all documentation necessary or desirable with respect to Shareholders Meeting. The Purchaser and its outside counsel shall be given the opportunity to review and comment on such material before distribution. The Parties are aware and will take regard to each other Party's capital market publication and insider information obligations.

Section 4.15 Capital Increase

Seller will procure that the current registered capital in a nominal value of EUR 100,000.00 in the Company will be increased in the nominal amount of EUR 100,000.00 to a nominal amount of EUR 200,000.00 against contribution in kind by shareholders' resolution of the Company in order to create a further share in the Company in the nominal amount of EUR 100,000.00 as consideration for assets contributed by the Seller to the Company as stipulated in the shareholders' meeting (File No. 3844 C/2005) dated November 1, 2005 Notary Public Dr. Heinz Korte .

Section 4.16 ----

Section 4.17 Agreement with Company's Works Council, Amendment of Employment Agreements

(a) Seller will procure that the Works Agreement between the Company and its works Council will be changed at terms being acceptable for the Purchaser.

(b) Seller will procure that each Employee will have entered into an amendment agreement with the Company in a form accepted by Purchaser. The average of the intended salary increases over all employees shall not exceed an amount to be mutually agreed upon by the parties.

(c) Seller shall inform Purchaser about the progress on the above by November 14, 2005.

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4.18 Seller shall procure that 85 % of all Employees and all Key Employees determined by Purchaser have agreed to enter into an employment agreement with the Company.

4.19 Seller will set up a bank account with DZ Bank (i.e. the Seller's Account) and will inform Purchaser of the bank details of such account by December 15, 2005.

4.20 Seller will procure that the Company will set up a bank account with DZ Bank (i.e. the Company's Account) and will inform Purchaser of the bank details

of such account by December 15, 2005.

4.21 Seller will indemnify and hold harmless Purchaser from and against any damages resulting from any non-fulfillment of the obligations in Sec. 4.01 through 4.10 and 4.13 through 4.20 above. 4.22 Purchaser has provided a guarantee of Volt Information Sciences, Inc dated of November 02, 2005. This guarantee can be replaced by a guarantee of Volt Delta Resources LLC as provided for in the Volt Information Sciences, Inc. guarantee. The guarantees are subject to their respective governing boards approvals (aufschiebende Bedingung) as set forth above in Section 3.01.

ARTICLE V ACCESS TO INFORMATION AND DOCUMENTS

Section 5.01 Access.

From the date hereof to the Closing Date, the Seller shall upon reasonable prior request by the Purchaser

(a) give to, or cause to be made available for, the Purchaser and its counsel, accountants and other representatives full access during normal business hours to all the properties, documents, contracts, employees and records of the Company and furnish the Purchaser with copies of such documents and with such information with respect to the affairs of the Company as the Purchaser from time to time reasonably may request.

(b) Until ten years after the Closing Date the Purchaser shall maintain for and on behalf of the Seller, or tender to the Seller, the Company's books, records and other data in such manner and at such location as shall make such books, records and other data reasonable accessible to the Seller, its counsel and accountants during normal business hours. During such period, the Seller, its counsel and accountants shall have the right to examine and make copies at the Seller's expense of the Company's books, records and other data in existence on the Closing Date as reasonably may be requested.

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ARTICLE VI

Return of Information. If the Closing is not consummated and this Agreement is terminated, the Purchaser shall promptly return all documents, contracts, records or properties of the Seller and the Company furnished by the Seller or the Company and all copies thereof.

INDEMNIFICATION

Section 6.01 Indemnification by the Seller.

(a) The Seller shall be liable for, indemnify the Purchaser and its affiliates for, hold the Purchaser and its affiliates harmless from, and reimburse the Purchaser and its affiliates for Purchaser's Damages (as defined in Section 6.01(b)) in the manner and to the extent set forth in this Section 6.01.

The term "Purchaser's Damages" shall include all losses, costs, expenses (including attorneys' fees and expenses), fees, liabilities and damages sustained by the Purchaser prior to any reimbursement, but not any indirect damages such as consequential damages or lost profits. For the avoidance of doubt, a shortfall in the thresholds pursuant to Section 1.02 (b) is not considered a Purchaser's Damage.

(b) therefore:

- i. arising from any breach of a representation or warranty of the Seller contained in or made pursuant to this Agreement or in any certificate, instrument or agreement delivered to the Purchaser pursuant to or in connection with this Agreement;
- ii. resulting from a default in the performance of any of the covenants or obligations that the Seller is required to perform under this Agreement.

- (c) Seller shall only be required to pay any Purchaser's Damages provided
- (i) the amount of Purchaser's Damages exceeds 100,000.00 Euros;
 - and
 - (ii) the claimed Purchaser's Damages exceed 1,000.00 Euros per item.

The claim for such Purchaser's Damages must be made by the Purchaser and received by the Seller prior to the last day of the 30th month after the Closing Date.

(d) The aggregate liability of Seller for Purchaser's Damages under this Agreement shall in no case exceed the amount of 8,000,000.00 Euros (eight million Euros). The liability of Seller to Purchaser's Damages will expire on the last day of the 30th month after the Closing Date.

Section 6.02 Indemnification by the Purchaser.

(a) The Purchaser shall be liable for, indemnify the Seller for, hold the Seller harmless from and reimburse the Seller for any and all Seller's Damages (as defined in Section 6.02(b)) in the manner and to the extent set forth in this Section 6.02.

(b) The term "Seller's Damages" shall include all losses, costs, expenses (including attorney's fees and expenses), fees, liabilities and damages sustained by the Seller prior to any reimbursement, but not any indirect damages such as consequential damages or lost profits.

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- i. arising from any breach of a representation or warranty of the Purchaser contained in or made pursuant to this Agreement or in any certificate, instrument or agreement delivered to the Seller pursuant to or in connection with this Agreement;
- ii. resulting from a default in the performance of any of the covenants or obligations that the Purchaser is required to perform under this Agreement.

(c) Purchaser shall only be required to pay any Seller's Damages provided

- (i) the amount of Seller's Damages exceeds 10,000.00 Euros per item; or
- (ii) the aggregate amount of all Seller's Damages exceeds 100,000.00 Euros, in which case all Seller's Damages in an amount exceeding 1,000.00 Euros per item shall be considered.

The claim for such Seller's Damages must be made by the Seller and received by the Purchaser prior to the last day of the 30th month after the Closing Date.

(d) The aggregate liability of Purchaser for Seller's Damages under this Agreement shall in no case exceed the amount of 250,000.00 Euros (two hundred and fifty thousand Euros) plus legal fees to be awarded by the Arbitrators not to exceed 150,000.00 Euros (one hundred and fifty thousand Euros). The liability of Purchaser to Seller's Damages will expire on the last day of the 30th month after the Closing Date.

Section 6.03 Legal Proceedings.

(a) If any legal proceeding shall be instituted, or any claim or demand made, against an indemnified party in respect of which an indemnifying party may be liable hereunder, the indemnified party shall give prompt written notice thereof to the indemnifying party. The indemnifying party, at its expense, may participate in and, with the consent of the indemnified party, direct any such

legal proceeding and the negotiation and settlement of any such claim or demand. The indemnified party shall have the absolute right, in its sole discretion and without the consent of the indemnifying party, to settle any such legal proceeding, claim or demand; provided, however, that if the indemnified party shall so settle without the consent of the indemnifying party, the indemnifying party shall be discharged from any liability hereunder with respect to the proceeding, claim or demand so settled.

(b) If the amount of Purchaser's or Seller's Damages paid, at any time subsequent to such payment, shall be reduced by any recovery, settlement or otherwise, the amount of such reduction, less any expense incurred by the party receiving such recovery in connection therewith, promptly shall be repaid to the indemnifying party.

(c) The Seller and the Purchaser shall consult and use their best efforts to cooperate in resolving questions regarding Purchaser's Damages or Seller's Damages. If either the Seller or the Purchaser shall believe that it has a claim under this Article VI, such party shall give notice of such claim to the other party, specifying in reasonable detail the nature of the Purchaser's Damages or Seller's Damages for which payment is claimed, the Section or Sections of this Agreement upon which such claim is based and the amount payable in respect thereof.

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ARTICLE VII

TERMINATION OF AGREEMENT

Section 7.01 Termination of Agreement. This Agreement and the transactions contemplated hereby may be terminated or abandoned at any time before the Closing Date:

(a) by mutual consent of the Seller and the Purchaser;

(b) by the Purchaser, if there has been a material misrepresentation in this Agreement by the Seller, or a material breach by the Seller of any warranty or covenant set forth herein, or a failure of any condition to which the obligations of the Purchaser are subject;

(c) by the Seller, if there has been a material misrepresentation in this Agreement by the Purchaser, or a material breach by the Purchaser of any warranty or covenant set forth herein, or a failure of any condition to which the obligations of the Seller are subject.

Section 7.02 If the shareholders of Seller fail to approve this transaction by the required majority then Seller must not close, and in such event, Section 4.12 applies (except for the requirement that the transaction needs to be announced to the public). If the shareholders approve this transaction by the required majority Purchaser has the additional right to force seller to fulfill his obligations under this Agreement.

Section 7.03 If the Purchaser obtains the board approvals as specified in Section 3.01. above and Purchaser does not close on the Closing Date even though he is obliged to close pursuant to Article VIII Purchaser has to pay to Seller a lump-sum of EUR 250,000.00. as liquidated damages in lieu of any other damages.

Section 7.04 Continuing Obligations.

(a) In the event that this Agreement terminates pursuant to Sections 7.01 or 7.02, neither the Purchaser nor the Seller shall disclose any confidential information of or with respect to the other or to the Company which the Purchaser or the Seller, as the case may be, obtained from or through the other at any time or in any manner during the negotiations, or before or after the execution of this Agreement, except to the extent such information is shown to have been previously known to the Purchaser or the Seller, as the case may be, or subsequently becomes within the general knowledge of the industry, or has been or is subsequently lawfully received by the Purchaser or the Seller, as the case may be, from a third party.

(b) If the Closing is not consummated and this Agreement is terminated, the Purchaser shall promptly return all documents, contracts, records or properties

of the Seller and the Company and all copies thereof furnished by the Seller and the Company.

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ARTICLE VII

CONDITIONS TO THE PURCHASER'S OBLIGATIONS

The obligations of the Purchaser to purchase the Shares pursuant to this Agreement shall be subject to the satisfaction, at or before the Closing Date, of the following conditions (any of which may be waived, in whole or in part, by the Purchaser).

Section 8.01 Representations and Warranties. The representations and warranties of the Seller contained in this Agreement (including the Schedules and Exhibits hereto), or in any certificate or document delivered to the Purchaser in connection herewith shall be true in all material respects at the Closing Date as if made again on and as of the Closing Date. The Seller shall have duly performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by it at or before the Closing Date. The Purchaser shall have been furnished with certificates of appropriate officers of the Seller certifying in such detail as the Purchaser may reasonably request to the fulfillment of the foregoing conditions.

Section 8.02 Certain Documents. The Seller shall have furnished the Purchaser with the following documents:

(a) The deed of incorporation (Grundungsurkunde) of the Company and all amendments thereto, duly certified, and certified copies of the deeds of incorporation of the Subsidiaries and the Seller;

(b) Certified Excerpts from the Commercial Register of the Company and the Seller;

(c) The by-laws (or other documents of management) of the Company and the Seller, duly certified, as being in force and effect at all times since at least March 3, 2005;

(d) Resignations of all officers and directors of the Company who are also employed by the Seller will become effective on the closing date.

(e) A certificate of the representatives of the Seller certifying (i) that attached thereto is a true and complete copy of all resolutions of the board of directors and shareholders of the Seller pertaining to the transactions contemplated by this Agreement, duly adopted at meetings of such board and shareholders at which a quorum of directors and shareholder, as applicable, was present and acting throughout and (ii) as to the incumbency and authority of the officers of the Seller executing this Agreement on behalf of the Seller and the documents executed and delivered by the Seller in connection herewith; and

(f) Such other documents as the Purchaser may reasonably request to secure the ordinary conduct of the business of the Company.

Section 8.03 Opinion of the Seller's Counsel. The Seller shall have furnished the Purchaser with a favorable opinion, dated the Closing Date, of Seller's counsel in a form to be agreed between the lawyers of the parties.

Section 8.04 Legal Matters Satisfactory. All legal matters, and the form and substance of all documents to be delivered by the Seller or the Company to the Purchaser at the Closing as provided for in this Agreement or any Exhibits or Schedules of this Agreement, shall have been approved by and satisfactory to the Purchaser.

Section 8.05 Release. The Seller shall have delivered to the Purchaser and the Company a general release of all claims it may have through the Closing Date against the Company and each Subsidiary not arising out of the ordinary course of business.

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Section 8.06 No Material Change. There shall not have been any material adverse change in the financial condition or prospects of the Company at the

Closing Date from that disclosed in the September Balance Sheet for the period from the date of the September Balance Sheet to the Closing Date, or in the assets or properties of the Company, taken as a whole, from the date of the September Balance Sheet to the Closing Date, and the Purchaser shall have been furnished with a certificate to that effect executed by the managing directors (Geschäftsführer)

Section 8.07 No Litigation. No action, suit, or proceeding shall be pending before any court or governmental body, or by any governmental agency challenging the transactions contemplated by this Agreement or otherwise seeking damages, or seeking to restrain or prevent the consummation of the transactions contemplated by this Agreement or to prohibit or limit the ability of the Purchaser to exercise full rights of ownership of the Shares, unless the Parties jointly conclude that such action, suit, or proceeding has no realistic impact on the transaction.

Section 8.08 Escrow Agreement. The Parties and the Escrow Agent shall have executed the Escrow Agreement in the form of Exhibit A annexed hereto.

Section 8.09 Consents. The Seller shall have received and delivered to Purchaser, if any, all written consents, authorizations and approvals required by any applicable law, rule or regulation of any Governmental Authority respecting the sale of the Shares pursuant to the provisions of this Agreement.

Section 8.10 -----

Section 8.11 Employment Agreements. The Purchaser and the Seller will closely work together to enter into employment agreements or amendments to employment agreements with the managing directors which are acceptable to the Company and to the Purchaser.

Section 8.12 -----

Section 8.13 -----

Section 8.14 -----

Section 8.15 Approval of Seller's Shareholders' Meeting. The shareholders' meeting of Seller shall have approved the transaction contemplated by this Agreement.

Section 8.16 Fulfillment of Certain Covenants. The Covenants set out in Sections 4.13 through 4.20 shall be fulfilled.

Section 8.17 Approval of Board of Directors. The board of directors of Volt Information Sciences, Inc., or/and the board of managers of Volt Delta Resources LLC shall have approved the transaction contemplated by this Agreement.

Section 8.18 Potential Merger Clearance. The approval of any competent cartel authority is obtained in the event such approval is necessary contrary to the Parties' assumption that the transaction contemplated under this Agreement are not subject to approval of any cartel authority in any jurisdiction.

Section 8.19 In the event the closing conditions set out in 8.08, 8.12, 8.13 (as long as signed by the Seller), 8.06, 8.14 (to the extent in Seller's control), 8.09, 8.15 and 8.16 should not be satisfied by December 30, 2005 and Closing does not occur, Seller shall pay to Purchaser a break-up fee of one million Euros without prejudice to any other rights of Purchaser in this Agreement or otherwise.

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ARTICLE IX

CONDITIONS TO SELLER'S OBLIGATIONS

The, obligation of the Seller to sell the Shares to the Purchaser pursuant to this Agreement shall be subject to the satisfaction, at or before the Closing Date, of the following conditions (any of which may be waived, in whole or in part, by the Seller).

Section 9.01 Representations and Warranties.

The representations and warranties of the Purchaser contained in this Agreement or in any certificate or document delivered to the Seller pursuant hereto shall be true in all material respects at the Closing Date as if made on

and as of the Closing Date. The Purchaser shall have duly performed and complied with all agreements and conditions required by this Agreement to be performed or complied with by the Purchaser at or before the Closing Date. The Seller shall have been furnished with certificates of appropriate officers of the Purchaser, dated the Closing Date, certifying in such detail as the Seller may reasonably request to the fulfillment of the foregoing conditions.

Section 9.02 Payment.

The Purchaser shall have paid the Purchase Price as set out in Section 1.01 (a) through (c).

Section 9.03 Opinion of the Purchaser's Counsel.

The Purchaser shall have furnished the Seller with a favorable opinion, dated the Closing Date, of the Purchaser's American counsel in a form to be agreed between the lawyers of the parties.

Section 9.04 Consents.

The Purchaser shall have received and delivered to the Seller all written consents, authorizations and approvals required by any applicable law, rule or regulation of any Governmental Authority regarding the sale of the Shares pursuant to the provisions of this Agreement.

Section 9.05 Seller's Shareholders' Approval.

The shareholders' assembly of Seller must have approved the transaction contemplated by this Agreement

Section 9.06 Escrow Agreement. The condition set out in Section 8.08 is fulfilled

Section 9.07 Potential Merger Clearance. The condition set out in Section 8.22 is fulfilled.

ARTICLE X
MISCELLANEOUS

Section 10.01 Representations and Warranties.

The representations and warranties made in this Agreement and in any certificate, Schedule, Exhibit or document delivered in connection therewith shall survive the Closing Date. The covenants of the Purchaser and the Seller shall continue in full force and effect in accordance with their terms.

Section 10.02 No Brokers.

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The Purchaser and the Seller each represents and warrants that there will be no claims for brokerage commissions or finder's fees against the other in connection with the transactions contemplated hereby resulting from any action taken by the Purchaser, the Seller, the Company or officers or directors of the Purchaser, the Seller or the Company.

Section 10.03 Governing Law, Dispute Resolution, etc.

(a) Governing Law.

This Agreement shall be construed, governed and enforced in accordance with the laws of the Federal Republic of Germany.

(b) Dispute Resolution. Any disputes arising under or in connection with this agreement or the performance hereof shall be settled promptly through friendly negotiations between the parties. In case no settlement can be reached through friendly negotiations within sixty (60) days from the beginning of such negotiations, the disputes shall be finally settled under the Rules of Conciliation and Arbitration of the German Institute for International Arbitration, by three (3) arbitrators appointed in accordance with said rules. The chairman of the arbitration panel shall neither be a German nor US citizen. The language of the arbitration shall be English. However, documents originating in the German language may be produced in its original German version. The arbitral award shall be final and binding upon all parties and judgment thereon may be entered in any court of competent jurisdiction. The venue of the

arbitration shall be London, U.K.,. Notwithstanding the foregoing, nothing herein shall prevent a party from seeking injunctive relief in any court of competent jurisdiction in connection with a breach or threatened breach of this agreement.

(c) Provisional Relief. The provisions in Section 10.03 shall not prevent the Parties from asserting their claims vis-a-vis the other Parties arising from this Agreement by seeking a temporary injunction from the competent courts of law.

Section 10.04 Notices.

Any notice, request, demand or other communication permitted or required to be given under this Agreement shall be in writing, shall be sent by one of the following means to the addressee at the address set forth below (or at such other address as shall be designated hereunder by notice to the other parties and Persons receiving copies, effective upon actual receipt) and shall be deemed conclusively to have been given: (i) on the second Business Day following the day timely deposited with a recognized international overnight courier, with the cost of delivery prepaid or for the account of the sender; (ii) on the fifth Business Day following the day duly sent by registered mail, postage prepaid and return receipt requested; or (iii) when otherwise actually received by the addressee on a Business Day (or on the next Business Day if received after the close of normal business hours or on any non-Business Day).

if to the Purchaser, addressed to:
Volt Delta GmbH attention
RA Dr. Heinrich J. Rodewig
Taylor Wessing
Isartorplatz 8
80331 Munchen
Fax 0049 89 210 38 - 300

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES EXHIBIT 10.6

SALE AND PURCHASE AGREEMENT AMONG BLITZ 05-282 GMBH, VARETIS AG AND VARETIS SOLUTIONS GMBH.

with a copy to:
Howard B Weinreich,
560 Lexington Avenue
Volt - 15
New York, NY 10022 USA

if to the Seller, addressed to:
varetis AG

Dr. Klaus Harisch
Landsberger Str. 110
80339 Munchen
Fax 0049 89 455 66 313

with a copy to:
Beiten Burkhardt Rechtsanwaltsgesellschaft mbH

Dr. Winfried Klopfer

Ganghoferstr. 33

80339 Munchen

Fax 0049 89 350652125

Section 10.05 -----

Section 10.06 Language. This Agreement is made in, and shall be construed in accordance with, the English language. Where German language is used in this Agreement, such German wording shall prevail over the English wording

Section 10.07 Press Releases. Notwithstanding the obligations of the Seller to adhere to the statutory German capital market laws and regulations of publishing and disclosing certain information regarding the Seller and its business, each party hereto agrees that prior to the Closing Date, except as may be required by law or listing or other requirements, it will not issue any press

release or make any other disclosure of this Agreement or the transactions contemplated hereby without the prior written approval of the other, which approval shall not be unreasonably withheld, delayed or conditioned. Prior to issuing any required press release or making any requirement other disclosure, a party will afford the other party a reasonable opportunity to review and comment on such press release or other disclosure. Neither party shall (i) issue any press releases or (ii) disclose the terms or existence of this Agreement, except as required by Section 5 hereof or by regulatory or listing authorities, or make any other statements to any third party (other than the representatives of Purchaser and Seller), regarding this Agreement, the Transaction or their negotiations hereunder, without the mutual consent of Purchaser and Seller. Purchaser and Seller shall agree upon the timing and nature of the announcement of the Transaction to the employees of Seller and The Company. If the parties' negotiations or their entry into this Agreement should become publicly known at any time prior to an agreed-upon press release as described above, the parties shall confer in good faith on the appropriate course of action to take.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.6

SALE AND PURCHASE AGREEMENT AMONG BLITZ 05-282 GMBH, VARETIS AG AND VARETIS SOLUTIONS GMBH.

Section 10.08 Assignment, Amendments and Waivers. No party may assign its rights or delegate its obligations under this Agreement. Any term of this Agreement may be amended and the observance of any term of this Agreement may be waived (either generally or in a particular instance, either retroactively or prospectively, and either for a specified period of time or indefinitely), only by the written consent of both parties hereto. Any agreement on the part of a party to any extension or waiver shall only be valid if set forth in an instrument in writing signed on behalf of such party. Any such waiver or extension shall not operate as a waiver or extension of any other subsequent condition or obligation.

Section 10.09 Entire Agreement. This Agreement and the Exhibits and Schedules annexed hereto and the documents delivered pursuant hereto constitute the entire agreement and understanding of the parties hereto with respect to the transactions contemplated herein and therein and supersede all previous agreements, writings, negotiations and commitments.

Section 10.10 Binding Agreement. This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors.

Section 10.11 Shareholder Reports. From and after the date hereof, Seller shall send to Purchaser a copy of every document, report or other communication that Seller sends or delivers to its shareholders.

Section 10.12 Paragraph Headings. The paragraph headings herein have been inserted for convenience of reference only and shall in no way be deemed to affect the meaning or interpretation of any of the terms or provisions hereof.

Section 10.13 Counterparts. This Agreement may be executed in counterparts, all of which shall be deemed to be duplicate originals. Publication.

Section 10.14 Severability

If any provision of this Agreement is held to be or becomes invalid, nothing in this shall prejudice the validity of the remaining provisions of this Agreement. The parties are obliged to replace the invalid provision by a valid provision that comes as close as possible to the economic purpose of the invalid provision. This shall apply mutatis mutandis to any gaps in the Agreement.

Section 10.15 Prohibition On Insider Trading.

Purchaser is aware that the Transaction constitutes an insider information pursuant to the German Securities Trading Act (Wertpapierhandelsgesetz). Therefore, Purchaser and any of its representatives (including any of its advisors) will be obliged to keep any information with regard to the Transaction strictly confidential and each person related to the Purchaser and having knowledge of the Transaction must execute a declaration pursuant to the applicable provisions of the German Securities Trading Act in the appropriate form.

Seller is aware that the Transaction constitutes insider information pursuant to the United States Insider Trading laws and the Securities Act of 1933.

Therefore, Seller and The Company and any of their representatives (including any of its advisors) will be obliged to keep any information with regard to the Transaction strictly confidential and each person related to the Seller and The Company and having knowledge of the Transaction must comply with that law.

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 10.6

SALE AND PURCHASE AGREEMENT AMONG BLITZ 05-282 GMBH, VARETIS AG AND VARETIS SOLUTIONS GMBH.

Section 10.16 Fees und Expenses

Except as may otherwise be provided in the Sale and Share Purchase Agreement, each of the parties hereto will pay its own expenses in connection with the negotiation and execution of this Agreement, the Stock Purchase Agreement or otherwise in connection with the Transaction. Each party covenants and agrees that any finder's fee or broker's commission shall be the responsibility of the party which retained such finder or broker.

Section 10.17 Certain Notices

Each party hereto shall provide prompt notice to the other of any legal, administrative, arbitration or other proceeding, suit, claim or action pending or, to the knowledge of such party, threatened against or involving such party, which has a likelihood of delaying or preventing the consummation of the Closing. Each party shall keep the other informed concerning its efforts to obtain the approvals described in Section 2(c) hereof.

Section 10.18

As promptly as practicable after the date hereof, the parties shall prepare and file, if required by law, such materials as may be required to be filed with any governmental agencies and regulatory or listing authorities and shall cooperate with each other in preparing and filing any such materials.

Section 10.19 Whenever the word "including" is used in this Agreement, it means "including but not limited to".

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 21
SUBSIDIARIES OF THE REGISTRANT

The following is a list of the subsidiaries and joint ventures of Volt as of January 7, 2006 (exclusive of certain subsidiaries which, if considered in the aggregate, would not, as of October 30, 2005, constitute a significant subsidiary within the meaning of Rule 1-02(v) of Regulation S-X). All of such subsidiaries, to the extent they were active and owned by the Company during fiscal 2005, are included as consolidated subsidiaries in the Registrant's consolidated financial statements as of October 30, 2005.

<TABLE>
<CAPTION>

Name (1) -----	Jurisdiction of Incorporation -----
<S>	<C>
Volt Delta Resources, LLC.	Nevada
Volt Real Estate Corporation	Delaware
Volt Directories S.A., Ltd.	Delaware
Volt Holding Corp.	Nevada
Volt Realty Two, Inc.	Nevada
500 South Douglas Realty Corp.	Delaware
14011 So. Normandie Ave. Realty Corp.	Nevada
Volt Orangeca Real Estate Corp.	Delaware
Shaw & Shaw, Inc.	Delaware
Volt Technical Resources, LLC.	Delaware
Volt ATRD Corp.	Delaware
Sierra Technology Corporation	California
Volt Opportunity Road Realty Corp.	Delaware
Nuco II, Ltd.	Delaware
Volt Management Corp.	Delaware
Volt Technical Corp.	Delaware
Fidelity National Credit Services Ltd.	California
Nuco I, Ltd.	Nevada
Volt Information Sciences Funding, Inc.	Delaware
Volt Viewtech, Inc.	Delaware
Volt Asia Enterprises, Ltd.	Delaware
Volt STL Holdings, Inc.	Delaware
DataNational of Georgia, Inc.	Georgia
DataNational, Inc.	Delaware
Volt Road Boring Corp.	Florida
Volt Telecommunications Group, Inc.	Delaware
Volt Publications, Inc.	Delaware
Volt Gatton Holding, Inc.	Delaware
Maintech, Incorporated	Delaware
Volt SRS Limited	Delaware
Information Management Associates, Inc.	Delaware
ProcureStaff, Ltd.	Delaware
PCureSys, Ltd.	Delaware
PS Payrolling, Ltd.	Delaware
VMC Consulting Corporation	Delaware
Volt Funding Corp.	Delaware
Volt Delta Resources Holding, Inc.	Nevada
Volt Delta Canada Holdings, LLC.	Nevada

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES
EXHIBIT 21
SUBSIDIARIES OF THE REGISTRANT--Continued
<TABLE>
<CAPTION>

Name (1) -----	Jurisdiction of Incorporation -----
<S>	<C>
Volt Delta Company	Canada
Volt Delta Resources of Mexico, S. de R.L. de C.V.	Mexico
Volt Delta B.V.	Netherlands
Volt Delta Europe, Limited	United Kingdom

Volt Delta GmbH	Germany
Volt Resource Management Limited	United Kingdom
Tainol, S.A.	Uruguay
Volt Human Resources (VHRI), Inc.	Canada
Volt Services Group (Netherlands) B.V.	Netherlands
Volt Directory Marketing, Ltd. (2)	Delaware
Volt Europe Limited (formerly Gatton Volt Computing Group Limited)	United Kingdom
Gatton Volt Consulting Group Limited	United Kingdom
Gatton Volt Computastaff Limited	United Kingdom
Volt Europe (Belgium) SPRL	Belgium
Volt Europe (Espana) S.A.	Spain
Volt Europe Temporary Services Limited	United Kingdom
VMC Consulting Europe Limited	United Kingdom
Volt Europe (France) SARL	France
Volt Europe (Italia) SRL	Italy
Volt Europe (Deutschland) GmbH	Germany
Volt Netherlands Holding BV	Netherlands
Volt Telecom BV	Netherlands
Volt Europe (Nederland) BV	Netherlands
ProcureStaff Pty Limited Australia	
ProcureStaff Canada, Ltd.	Canada
Volt Service K.K.	Japan
Volt Service Corporation PTE, Ltd.	Singapore
Volt Asia Enterprises (Malaysia) SDN. BHD.	Malaysia
Volt Europe Slovakia s.r.o.	Slovakia
Volt Information Technology & Staffing Solutions (India) Private Limited	India
Varetis Solutions GmbH	Germany
Varetis Communications Ltd.	United Kingdom
Varetis Asia Pte. Ltd.	Singapore
VMC Germany	Germany

</TABLE>

- (1) Except as noted, each named subsidiary is wholly owned, directly or indirectly, by Volt Information Sciences, Inc., except that, in the case of certain foreign subsidiaries, qualifying shares may be registered in the name of directors.
- (2) 80% owned subsidiary.

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statement No. 333-13369 on Form S-8 dated October 3, 1996, Registration Statement No. No. 333-45903 on Form S-8 dated February 9, 1998 and Registration Statement No. No. 333-106245 on Form S-8 dated June 18, 2003 of Volt Information Sciences, Inc. of our reports dated January 16, 2006, with respect to the consolidated financial statements and schedule of Volt Information Sciences, Inc., Volt Information Sciences, Inc. management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financial reporting of Volt Information Sciences, Inc., included in the Annual Report (Form 10-K) for the year ended October 30, 2005.

/s/ Ernst & Young LLP

New York, New York
January 16, 2006

EXHIBIT 31.1

CERTIFICATION BY PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, William Shaw, certify that:

1. I have reviewed this annual report on Form 10-K of Volt Information Sciences, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - d) disclosed in this annual report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 16, 2006

/s/ William Shaw

William Shaw
Co-Principal Executive Officer

EXHIBIT 31.3

CERTIFICATION BY PRINCIPAL EXECUTIVE OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Steven A. Shaw, certify that:

1. I have reviewed this annual report on Form 10-K of Volt Information Sciences, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - d) disclosed in this annual report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 16, 2006

/s/ Steven A. Shaw

Steven A. Shaw
Executive Vice President and
Co-Principal Executive Officer

CERTIFICATION BY PRINCIPAL FINANCIAL OFFICER
PURSUANT TO
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, James J. Groberg, certify that:

1. I have reviewed this annual report on Form 10-K of Volt Information Sciences, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report;
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officers and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f) for the registrant and we have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principals;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this annual report based on such evaluation; and
 - d) disclosed in this annual report any changes in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officers and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

January 16, 2006

/s/ James J. Groberg

James J. Groberg
Senior Vice President and
Principal Financial Officer

EXHIBIT 32.1

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Volt Information Sciences, Inc. (the "Company") on Form 10-K for the year ended October 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, William Shaw, Co-Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

January 16, 2006

/s/ William Shaw

William Shaw
Co-Principal Executive Officer

A signed original of this written statement required by Section 906 has been provided to Volt Information Services, Inc. and will be retained by Volt Information Sciences, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.2

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Volt Information Sciences, Inc. (the "Company") on Form 10-K for the year ended October 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven A. Shaw, Co-Principal Executive Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

January 16, 2006

/s/ Steven A. Shaw

Steven A. Shaw
Co-Principal Executive Officer

A signed original of this written statement required by Section 906 has been provided to Volt Information Services, Inc. and will be retained by Volt Information Sciences, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT 32.3

CERTIFICATION PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report of Volt Information Sciences, Inc. (the "Company") on Form 10-K for the year ended October 30, 2005, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, James J. Groberg, Principal Financial Officer of the Company, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the report fairly presents, in all material respects, the financial condition and results of operations of the Company.

January 16, 2006

/s/ James J. Groberg

James J. Groberg
Principal Financial Officer

A signed original of this written statement required by Section 906 has been provided to Volt Information Services, Inc. and will be retained by Volt Information Sciences, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.