

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 November 2, 2008

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.

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(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.
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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

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

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  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 a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company:  
Large Accelerated Filer  Accelerated Filer   
Non-Accelerated Filer  Smaller Reporting Company

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

The aggregate market value of the common stock held by non-affiliates of the registrant was approximately \$170 million, based on the closing price of \$13.48 per share on the New York Stock Exchange on April 25, 2008 (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 23, 2009 was 20,842,806.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Company's Proxy Statement for its 2009 Annual Meeting are incorporated by reference into Part III of this Report.

TABLE OF CONTENTS

	Page
	----
PART I	
Item 1. Business	2
Item 1A. Risk Factors	13
Item 1B. Unresolved Staff Comments	20
Item 2. Properties	21
Item 3. Legal Proceedings	22
Item 4. Submission of Matters to a Vote of Security Holders	22
PART II	
Item 5. Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	24
Item 6. Selected Financial Data	27
Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations	28
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	67
Item 8. Financial Statements and Supplementary Data	69
Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	108
Item 9A. Controls and Procedures	108
Item 9B. Other Information	112
PART III	
Item 10. Directors, Executive Officers and Corporate Governance	112
Item 11. Executive Compensation	112
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matter	112
Item 13. Certain Relationships and Related Transactions, and Director Independence	112
Item 14. Principal Accountant Fees and Services	112
PART IV	
Item 15. Exhibits and Financial Statement Schedules	113

-1-

PART I  
ITEM 1. BUSINESS

General  
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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  
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(1) Staffing Services - This segment provides a broad range of employee staffing services to a wide range of customers throughout North America, Europe and Asia/Pacific and has recently expanded operations in Latin

America. These services fall within three major functional areas:

- o Staffing Solutions provides a full spectrum of managed staffing, temporary/contract personnel employment, and workforce solutions. This functional area is comprised of the Technical Resources ("Technical") division and the Administrative and Industrial ("A&I") division. The employees and contractors on assignment are usually on the payroll of the Company for the length of their assignment, but this functional area also uses employees and subcontractors from other staffing providers ("associate vendors") when necessary. This functional area also provides direct placement services and, upon request from customers, subject to contractual conditions, will allow the customer to convert the temporary employees to full-time customer employees under negotiated terms. In addition, the Company's Recruitment Process Outsourcing ("RPO") services deliver end-to-end recruitment and hiring outsourced solutions to customers. The Technical division provides skilled employees, such as computer and other Information Technology ("IT") specialties, engineering, design, life sciences and technical support. The A&I division provides administrative, clerical, accounting and financial, call center and light industrial personnel. The length of an employee's assignment in the Technical division may be as short as a few weeks but in many cases can last for six to twelve months. Assignments in the A&I division are generally shorter than in the Technical division.
- o E-Procurement Solutions provides global competitively bid human capital acquisition and management solutions by combining web-based tools and business process outsourcing services. The employees and contractors on assignment are usually from associate vendor firms, although at times Volt recruited employees and contractors may be selected to fill some assignments, but in those cases Volt must compete on an equal basis with other unaffiliated firms. The Company receives a fee for managing the process, and the revenue for such services is recognized net of its associated costs. This functional area, which is part of the Technical division, is comprised of the ProcureStaff operation.
- o Information Technology Solutions provides a wide range of services including consulting, outsourcing and turnkey project management in the software and hardware development, IT infrastructure services and customer contact markets. This functional area offers higher margin project-oriented services to its customers and assumes greater responsibility in contrast to the other areas within the segment. This functional area, which is part of the Technical division, is comprised of the VMC Consulting operation.

-2-

#### Telecommunications and Information Solutions

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- (2) Telecommunications Services - This segment provides a full spectrum of turnkey telecommunications and related services solutions for commercial and government sectors. It designs, engineers, constructs, installs and maintains voice, data, video and utility infrastructure for public and private businesses, military and government agencies.
- (3) Computer Systems - This segment provides directory and operator systems and services primarily for the telecommunications industry and provides IT maintenance services. The segment also sells information systems to its customers and provides an Application Service Provider ("ASP") model which also provides information services, including infrastructure and database content, on a transactional fee basis. It also provides third-party IT and data services to others. This segment is comprised of Volt Delta Resources, LLC and its subsidiary Volt Delta International (collectively "VoltDelta"), LSSiDATA and the Maintech computer maintenance division.
- (4) Printing and Other - This segment provides printing services and publishes telephone directories in Uruguay. The telephone directory revenues of this segment are derived from the sales of telephone directory advertising for the books it publishes. The operations of this segment were part of the Telephone Directory segment until the third quarter of fiscal 2008. In

September 2008, the Company sold the net assets of its DataNational and Directory Systems divisions, whose operations for the current and comparable periods have been reclassified to Discontinued Operations, with the remainder of the segment being renamed Printing and Other.

-3-

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 November 2, 2008, 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.

<TABLE>

<CAPTION>

	November 2, 2008	October 28, 2007	October 29, 2006	
	-----			
NET SALES	(In thousands)			
Staffing Services:				
<S>	<C>	<C>	<C>	
Sales to unaffiliated customers				
Staffing	\$ 1,982,072	\$ 1,916,621	\$ 1,910,416	
Managed Services	1,278,399	1,212,915	1,109,315	
	-----			
Total gross sales	3,260,471	3,129,536	3,019,731	
Less: Non-recourse Managed Services--Note 1		(1,222,972)	(1,164,243)	(1,052,682)
Intersegment sales	6,316	5,642	5,233	
	-----			
	2,043,815	1,970,935	1,972,282	
	-----			
Telecommunications Services:				
Sales to unaffiliated customers		170,753	118,311	118,081
Intersegment sales		970	1,401	781
	-----			
	171,723	119,712	118,862	
	-----			
Computer Systems:				
Sales to unaffiliated customers		202,167	188,703	173,972
Intersegment sales	10,488	10,611	13,958	
	-----			
	212,655	199,314	187,930	
	-----			
Printing and Other:				
Sales to unaffiliated customers		16,899	12,754	11,130
Intersegment sales		--	9	91
	-----			
	16,899	12,763	11,221	
	-----			
Elimination of intersegment sales		(17,774)	(17,663)	(20,063)
	-----			
TOTAL NET SALES	\$ 2,427,318	\$ 2,285,061	\$ 2,270,232	
	=====			
SEGMENT PROFIT (LOSS)				
Staffing Services (1)	\$ 40,516	\$ 53,598	\$ 58,799	
Telecommunications Services		(22,641)	4,977	(1,168)
Computer Systems (1)	(22,715)	31,676	28,447	
Printing and Other	306	209	(2,103)	
	-----			
Total segment (loss) profit	(4,534)	90,460	83,975	
General corporate expenses		(36,114)	(39,772)	(43,349)
	-----			
TOTAL OPERATING (LOSS) PROFIT		(40,648)	50,688	40,626
Interest income and other (expense) income, net		848	(890)	(4,304)

Interest expense	(7,624)	(3,612)	(1,819)
Foreign exchange gain (loss)	1,155	(421)	(505)
	-----	-----	-----
(Loss) income from continuing operations before income taxes and minority interest	(\$ 46,269)	\$ 45,765	\$ 33,998
	=====	=====	=====

</TABLE>

(1) In the fourth quarter of fiscal 2008, the Company recorded a goodwill impairment charge of \$4.9 million in the Staffing Service segment and \$41.5 million in the Computer Systems segment.

-4-

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

	November 2, 2008	October 28, 2007	October 29, 2006	
	-----	-----	-----	
	(In thousands)			
IDENTIFIABLE ASSETS				
Staffing Services	\$455,618	\$485,500	\$457,204	
Telecommunications Services	48,635	75,532	38,800	
Computer Systems	189,669	220,309	138,625	
Printing and Other	13,811	13,674	13,627	
	-----	-----	-----	
	707,733	795,015	648,256	
Cash, investments and other corporate assets	218,046	9,873	14,050	
Discontinued Operations	--	35,263	36,815	
	-----	-----	-----	
TOTAL ASSETS	\$925,779	\$840,151	\$699,121	
	=====	=====	=====	

Note 1 Under certain contracts with customers, the Company manages the customers' alternative staffing requirements, including transactions between the customer and third-party 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 net sales.

Staffing Services Segment

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

Staffing Solutions

Volt markets a broad-based spectrum of staffing and workforce solutions, such as managed services, direct placement services, temporary/contract staffing and referred employee management, through more than 300 locations, to a wide range of customers, from local companies to multinational corporations. Volt's business offerings assist customers in managing productivity, achieving process efficiencies and managing workforce spend.

Volt Workforce Solutions/Volt Services Group/Volt Technical Services/Volt Europe/Volt Human Resources/Volt Asia Enterprises/Volt Workforce Solutions Canada/Arctern/Advice (Staffing Solutions Group)

Staffing and other workforce solutions provided by this segment are generally identified and branded throughout the United States as "Volt Workforce Solutions," "Volt Services Group," and "Volt Technical Resources," throughout Europe as "Volt Europe," throughout Canada as "Volt

Workforce Solutions Canada," in Asia/Pacific as "Volt Asia Enterprises," in India as "Arctern" and in Latin America as "Advice" (collectively the "Staffing Solutions Group"). Business offerings are provided to customers in many industry segments and include temporary/contract employment and referred employee management in a broad range of categories, including accounting, finance, administrative, engineering, human resources, information technology, life sciences, customer contact, manufacturing and assembly, technical communications and media, warehousing and fulfillment.

-5-

In addition, field operations that have developed a specialty in one or more of the above listed disciplines often use the name "Volt" followed by their specialty disciplines to identify themselves, e.g. "Volt Life Sciences," "Volt Accounting & Finance," "Volt Automotive Services," "Volt Aerospace Services," "Volt Design and Technology Services" and "Volt Professional Search." Other branch offices have adopted other names to differentiate themselves from traditional temporary staffing when their focus is more discipline-oriented.

The Staffing Solutions Group maintains a database of available workers to match to employer assignments and competes in both the recruitment of available candidates and to attract customers to employ contingent workers. Contingent workers 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 contingent workers at a time to national accounts that require as many as several thousand at one time.

Contingent workers are provided 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 contingent workers.

Volt's Staffing Solutions also include managed services programs, sometimes branded as "VoltSourcesm", which provide dedicated account management in an on- or off-site capacity that fulfill customer workforce initiatives, improve overall staffing process efficiencies, and manage associate vendor relationships. 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 depending on the program. These include centralized 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 some managed services 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 is very competitive. The Staffing Solutions Group has been successful in obtaining a number of large national contracts

that typically require on-site Volt representation and fulfillment at multiple customer facilities. 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. Many of these contracts require considerable start-up costs and may take from six to twelve months to reach anticipated revenue levels and reaching those projected levels is dependent on the customer's actual 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.

-6-

The Staffing Solutions Group maintains centralized databases, containing resumes of candidates from which it fills customers' job requirements. Other candidates are referred by the customer itself for assignment as Volt employees. Volt's foreign staffing operations maintain similar computerized databases containing resumes of candidates from their geographic areas. 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 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 during the period of their assignment. When the employer of record, Volt is responsible for the payment of wages, payroll taxes, workers' compensation, unemployment insurance and other benefits, which may include paid holidays, vacations and medical insurance.

The Staffing Solutions Group provides direct placement services as well. In the United States, these services are provided through Volt Professional Search, an employment search organization specializing in the recruitment and direct hire of individuals, including information technology, engineering, technical, accounting, finance and administrative support disciplines. In addition, some customers will convert contingent staff to permanent positions and the Company may receive a conversion fee.

Recruitment Process Outsourcing services, branded as "Momentum, a Volt Information Sciences Company," delivers end-to-end recruitment and hiring outsourced solutions for customers, starting at the requisition process and extending through sourcing, screening and onboarding of the customer's employees.

#### Information Technology Solutions

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#### VMC Consulting

Information Technology Project Management Solutions, branded as VMC Consulting, includes a varied portfolio of project-based professional services, often utilizing contingent staff sourced by Volt Staffing Solutions Group. With locations and customers in North America, Europe, and Asia/Pacific, VMC's services are delivered via outsourcing and in-sourcing models, whether onsite, offsite, onshore, nearshore, offshore or hybrid engagements. Projects include software and hardware development, IT infrastructure services and customer contact markets.

Offerings include electronic game testing, hardware and software testing, technical communications, technical call center support, data center management, enterprise technology implementation and integration and corporate help desk services. Consulting, project management, and other services currently are delivered to companies in the following industries: consumer products, financial services, manufacturing, media/entertainment, pharmaceuticals, software and technology.

#### E-Procurement Solutions

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## ProcureStaff

ProcureStaff, Ltd. offers competitive bid internet-based procurement and spend management solutions for Global 1000 and other customers. At the core of ProcureStaff's service offerings is its Vendor Management System (VMS) technology, business-to-business e-commerce applications that streamline client and vendor functions while significantly reducing costs and the risks of non-compliance with client policies.

-7-

ProcureStaff maintains international operations in compliance with local country laws and market conditions and is aggressively seeking new global customers and markets. ProcureStaff also automates and manages the source-to-settle process (from identification of initial requirement through payment for final deliverable) for resource-based services to provide visibility and centralized control over all categories of enterprise-wide service 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, customer relationship management, supplier management, time and expense management, consolidated billing and supplier payment and on-line management reporting through its standard report package or its customer ad hoc reporting tool. New program implementation imposes start up costs on ProcureStaff which may take up to a year to recover. ProcureStaff competes with other companies which provide similar vendor neutral solutions, some of which are affiliated with competitive staffing companies.

During the week ended November 2, 2008, the entire Staffing Services segment provided approximately 37,000 (36,000 in 2007) of its own temporary employees to its customers, in addition to employees provided by associate vendors and other contractors.

## Telecommunications Services Segment

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Volt's Telecommunications Services segment provides telecommunications and other infrastructure 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 installs distribution piping for potable and re-use water systems for municipalities, provides limited distribution of products and provides some non-telecommunications engineering, construction and installation services for other utilities.

The Telecommunications Services segment is a full-service provider of turnkey solutions to the telecommunications, cable and other 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 infrastructure, 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 aerial, underground and other 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. In addition, this segment also installs distribution piping for potable and re-use water systems for municipalities.
- 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, digital subscriber lines (DSL), security and access control solutions 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, installing, maintaining 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.

-8-

## Computer Systems Segment

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Volt's Computer Systems segment provides customers worldwide with telephone directory services, information services and other operator services systems, 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, through Volt Delta Resources, LLC and its subsidiaries (collectively "VDR"). The segment also provides third-party IT and data services to others. This segment is comprised of three synergistic business units: Volt Delta Resources, LLC and Volt Delta International (collectively "VoltDelta"), LSSiDATA 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, the Middle East 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 140 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 VoltDelta 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.

### LSSiDATA

In September 2007, VDR acquired LSSi Corp. for \$71.6 million and combined it and VDR's DataServ division into LSSiDATA(R). LSSiDATA utilizes consumer and business databases to allow companies to improve their operations and marketing capabilities. This wholly-owned subsidiary of VDR provides database services, data processing, listing verification, online and offline data integration and aggregation solutions, to a variety of companies across a broad spectrum of industries that include telecommunications service providers, credit and collections companies, and alternative directory assistance service providers. LSSiDATA's information is updated daily and is substantially augmented with specialized information uniquely designed to serve the non-telco enterprise market. The database under management covers the entire United States, Canada and over 20 countries in Europe. LSSiDATA has agreements with many agents and resellers to distribute its services into targeted industries.

In order to fulfill its commitments under its contracts, VoltDelta and LSSiDATA 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.

-9-

#### Maintech

Maintech, a division of VDR is an Independent Services Organization ("ISO") providing managed IT service solutions to mid-size and large corporate clients across the United States, including many of those who have purchased systems from VoltDelta. 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 manufacturing.

Clients may engage Maintech for an enterprise-wide single source IT Outsourcing Solutions commitment that includes program management, technology planning, transition management, Wintel/UNIX/Linux system administration, network administration, Remote Monitoring and Management Services, hardware maintenance and LAN/WAN/Voice services. Clients may also choose Maintech for any subset of services including support of large Wintel/UNIX/Linux server farms and storage networks and corporate Desktop/Deskside support. As an ISO, the demand for Maintech's single source, vendor neutral, unbiased services profile is growing in a marketplace where IT Infrastructure cost management initiatives play a prominent role in the vendor selection process.

#### Printing and Other

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On September 5, 2008, the Company sold the net assets of its directory systems and services and North American telephone directory publishing operations to Yellow Page Group. The transaction included the operations of Volt Directory Systems and DataNational, formerly part of the Telephone Directory segment, but excluded the Uruguayan printing and telephone directory operations, which now comprise this new segment, Printing and Other.

Volt's Printing and Other segment publishes yellow pages telephone directories as an independent publisher in Uruguay and has signed a contract with the Uruguayan telephone company to publish and print the Official Yellow Pages and print the Official White Pages. Revenues are generated from the sale of yellow pages advertising and the printing of the white pages.

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 its own telephone directories, as well as 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.

## Research, Development and Engineering

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During fiscal years 2008, 2007 and 2006, the Company expended approximately \$0.2 million, \$0.6 million and \$2.7 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'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 systems. In fiscal 2008, 2007 and 2006, expenditures for internal-use software were \$17.6 million, \$20.3 million and \$18.7 million, respectively, of which \$3.0 million, \$3.2 million and \$4.1 million were capitalized.

-10-

## Intellectual Property

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"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.

Volt, Volt Workforce Solutions, Volt Services Group, Volt Technical Services, Volt Europe, Volt Human Resources, Volt Asia Enterprises, Volt Computer Services, Volt Life Sciences, Volt Accounting & Finance, Volt Automotive Services, Volt Aerospace Services, VoltSource, Volt Temporary Services, Volt Design and Technical Services, Volt Professional Search, Volt Technical and Creative Communication, Volt Technical Resources, ProcureStaff, PS Partner Solutions, VMC Consulting, VoltDelta, Volt Delta International, DirectDA, Maintech, LSSiDATA, Volt Telecommunications Group, Volt Telecom Group and VIS are registered and/or common law trademarks and service marks owned by the Company.

## Customers

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In fiscal 2008, the Staffing Services segment's sales to two customers accounted for approximately 12% and 10% of the total sales of that segment; the Telecommunication Services segment's sales to three customers accounted for approximately 52%, 12% and 11% of the total sales of that segment; and the Computer Systems segment's sales to two customers accounted for approximately 19% and 15% of the total sales of that segment. In fiscal 2008, the sales to seven operating units of one customer, Microsoft Corporation, accounted for approximately 10% of the Company's consolidated net sales of \$2.4 billion and 6% of the Company's consolidated gross billings of \$3.7 billion under a number of different contracts. 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. Revenue for these services is recognized net of associated vendor costs in the period the services are rendered. The Company believes that gross billing is a meaningful measure, which reflects actual volume by the customers.

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

In fiscal 2007, the Staffing Services segment's sales to one customer accounted for approximately 13% of the total sales of that segment; the Telecommunications Services segment's sales to two customers accounted for approximately 33% and 15% of the total sales of that segment; and the Computer Systems segment's sales to two customers accounted for approximately 25% and 17% of the total sales of that segment. In fiscal 2007, the sales to seven operating units of one customer, Microsoft Corporation, accounted for 11% of the Company's consolidated

net sales of \$2.3 billion and 7% of the Company's consolidated gross billings of \$3.5 billion under a number of different contracts.

In fiscal 2006, the Staffing Services segment's sales to one customer accounted for approximately 13% of the total sales of that segment; the Telecommunications Services segment's sales to three customers accounted for approximately 24%, 22% and 18% of the total sales of that segment; and the Computer Systems segment's sales to two customers accounted for approximately 25% and 14% of the total sales of that segment. In fiscal 2006, the sales to seven operating units of one customer, Microsoft Corporation, accounted for 11% of the Company's consolidated net sales of \$2.3 billion and 7% of the Company's consolidated gross billings of \$3.3 billion under a number of different contracts.

#### Seasonality

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. 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 the Company's services during the summer vacation period.

-11-

#### Employees

During the week ended November 2, 2008, Volt employed approximately 42,000 persons, including approximately 37,000 persons who were on temporary assignment for the Staffing Services segment. Volt is a party to one collective bargaining agreement, which covers a small number of its employees, and some of its foreign employees have rights under agreements with local work councils. The Company believes that its relations with its employees are satisfactory.

Certain services rendered by Volt's operating segments require highly trained personnel in specialized fields, some of whom are currently in short supply and, while the Company currently has a sufficient number of such 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 operation of their services without significantly higher costs.

#### Regulation

Some states in the United States and most foreign countries license and regulate temporary service firms, employment agencies and construction companies. In connection with foreign sales by the Computer Systems segment, the Company is subject to export controls, including restrictions on the export of certain technologies. With respect to countries in which the Company's Computer Systems segment presently sells certain of its current products, the sale of its 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 Relations/Corporate Governance section, as soon as reasonably practicable after they are electronically filed with the SEC.

Copies of the Company's Code of Business Conduct and Ethics and other significant corporate documents (the Corporate Governance Guidelines, Governance Committee Charter, Audit Committee Charter, Compensation Committee Charter, Financial Code Of Ethics, Whistleblower Policy, Foreign Corrupt Practices Act Policy, Insider Trading Policy and Addition to Volt Insider Trading Policy, and the Electronic Communication Policy) are also available at the Company's website in the Investor Relations/Corporate Governance 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.

Pursuant to Section 303A.12(a) of the Rules of the NYSE, a company's annual report to its shareholders must disclose that the previous year's ss.12(a) CEO Certification was submitted to the NYSE. As required, the Company's ss.12(a) CEO Certification for the previous year was submitted to the NYSE on May 22, 2008, and certifies that the CEO was not aware of any violation by the Company of NYSE's Corporate Governance listing standards.

-12-

## ITEM 1A. RISK FACTORS

### Forward-Looking Statements

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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," "will," "should," "likely," "could," "seek," "believe," "expect," "plan," "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 AND OTHER BUSINESS CONDITIONS AND OTHER GENERAL CONDITIONS.

The demand for the Company's services in all segments, both domestically and in its foreign operations, is dependent upon general economic conditions. The Company's business tends to suffer during economic downturns, such as the current recession. The recent slowing of the economy has already adversely affected the Company's revenue and operating profit and the continuation of the current recession could further adversely affect the Company's revenues and operating profit. While the Company attempts to manage its costs, including its personnel, in relation to its business volumes, these efforts may not be successful and the timing of these efforts and associated costs may adversely affect the Company's results.

In the Staffing Services segment, the 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 undertaking layoffs of their regular employees resulting in decreased demand for contingent workers. A number of customers have already announced reduction in workforce including contingent labor. There is also less need for contingent workers by all customers and potential customers, who are less inclined to add to their costs. Since employees are also reluctant to risk changing employers, there are fewer openings available and therefore 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 which still experience labor shortages could affect the Company's ability to meet its customers' demands in these fields and adversely affect the Company's profit margins. The

volume of business in some of the Company's managed services programs may be reduced, rendering it uneconomical to continue the program. In addition, the services of large numbers of associate vendors are required in some managed services program; the current recession may cause some of these associate vendors to reduce or discontinue operations, which may adversely affect the Company's ability to manage these programs.

Increases in workers' compensation and health costs and unemployment insurance, other payroll taxes, business taxes and other employee related expenses will also adversely impact profit margins.

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 in the United States. There has been and could be a further adverse effect on the Company if customers and potential customers continue to move manufacturing and servicing operations off-shore, reducing their need for temporary and permanent 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 regional and local customer base which generally affords higher margin opportunities, which the Company may not be able to do successfully.

-13-

In the Information Technology Solutions portion of the Staffing Services segment, the Company may assume project responsibility and/or provide a deliverable, which carry potentially greater liabilities than other businesses within this segment.

Customer use of the Company's Telecommunications Services segment is similarly affected by the weakened economy in that some of the Company's customers curtail capital expenditures and some reduce their use of outside services in order to provide work to their in-house departments or to control costs. 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.

In addition, the Company has been and may be adversely affected if it competes from the Company's United States-based operations against competitors based in lower-cost countries. Although the Company has expanded its operations to serve existing customers in some foreign 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 well-established foreign operations. The Company's international expansion further subjects the Company to additional risks and challenges that could harm its business and profitability.

The Company's business strategy is focused on serving large corporate customers through high volume global service agreements. While the Company's strategy is intended to increase the Company's revenue and operating profit from our major corporate customers, the strategy also exposes the Company to increased risks arising from the possible loss of major customer accounts. The loss of one or more of these customers, or material changes in their demand for the Company's products and services, unless the business is replaced by the Company or the segment, could result in an adverse effect on the results for the Company or that segment's business. In addition, some customers are in industries that have experienced adverse business and financial conditions in recent years. The deterioration of the financial condition or business prospects of these customers has reduced, and could further reduce, their need for temporary employment services and other services, and result in a significant decrease in the revenue and operating profit the Company derives from these customers. Other customers in the Staffing Services segment are Vendor Management System ("VMS") providers who coordinate the provision of temporary services to their own customers using internet-enabled, often web-based, applications that act as a mechanism for business to manage and procure contingent and other staffing services. These VMS providers typically manage programs with total volumes far in excess of the VMS' own worth, but they still assume all payment obligations to their customers' suppliers, such as the Company. The deterioration of the financial condition or business prospects of these VMS customers has reduced, and could further reduce, their need for temporary employment services and other

services, and result in a significant decrease in the revenue and operating profit the Company derives from these customers. In addition, these customers, including the VMS providers, also present greater credit risks and, although the Company continues to evaluate their credit, some of these customers have in the past, and could in the future, default on their obligations to the Company.

The Company relies on access to various financial markets, primarily the asset-backed commercial paper market and the commercial bank loan market, as a source of liquidity for working capital requirements not satisfied by cash flows from operations or as a source of foreign exchange risk mitigation. Although the Company has significant cash reserves resulting from the recent sale of the net assets of the DataNational and Directory Services divisions, market disruptions have increased the cost of borrowing and could adversely affect the Company's ability to access one or more financial markets. If the Company is not able to access capital at competitive rates, the ability to implement the Company's business plans may be adversely affected. Similarly, market disruptions may delay or prevent customers from timely payment for our services.

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

The Company, in all segments, has experienced intense price competition and pressure on margins and lower markups for renewals of customers' contracts than previously obtained. While the Company has and will continue its efforts to take action to meet competition in its highly competitive markets, there can be no assurance that the Company will be able to do so without impacting margins.

-14-

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. Although the Company continues its investment in research and development, there is no assurance that its present or future products and systems will be competitive, that it will continue to develop new products and systems or that present products and systems or new products and systems can be successfully marketed. 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 adversely 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. The worldwide temporary staffing industry is competitive and highly fragmented. In the United States, approximately 40 competitors operate nationally, and approximately 6,000 smaller companies compete in varying degrees at local levels, many with only one or a few offices that service only a small market. Some of this segment's principal competitors are larger and have greater financial resources than the Company and service the multi-national accounts whose business the Company also 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. As the economy begins to slow down, customers tend to reduce their use of temporary and contract workers before undertaking layoffs of their own employees resulting in decreased demand for contingent workers. In addition, some of the segment's customers, generally larger entities, are mandated or otherwise motivated to utilize small or minority-owned companies rather than publicly held corporations such as the Company and have re-directed their business activities with this segment.

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 its continued ability to sell products and services to new and existing customers. The volume of transactions with this segment's customers and the revenues received by the Company are subject to reduction as consumers utilize free listings offered by alternative sources, including listings available on the internet, and from consolidation in the telecommunications industry. The reliability of the Company's products and services is dependent upon the integrity of the data in its databases. A failure in the integrity of its database could harm the Company by exposing it to customer or third-party claims or by causing a loss of customer confidence in the Company's products and services. 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.

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 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 Services segment performs much of its services outdoors, and its business can be adversely affected by inclement weather. In addition, the segment accounts for certain projects using percentage-of-completion; therefore variations of actual results from its estimates may reduce the segment's profitability. The segment's profitability is also reduced if the actual cost to complete a project exceeds its estimates. 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. 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.

-15-

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 whose duration spans a number of years, provide no assurance of any minimum amount of work that will actually be available under the contract; under these contracts the Company must still compete for each individual placement or project. 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 and create uncertainty with respect to the revenues and earnings the Company may recognize with respect to its customer contracts.

**THE COMPANY'S STAFFING SERVICES BUSINESS AND ITS OTHER SEGMENTS SUBJECT IT TO EMPLOYMENT-RELATED AND OTHER CLAIMS AND LOSSES THAT COULD HAVE A MATERIAL ADVERSE EFFECT ON OUR BUSINESS.**

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 workers' compensation costs adversely affect the Company's competitive position and its ability to retain business and obtain new business. Risks relating to these activities include:



- o violations of wage and hour requirements and other applicable labor codes which govern the relationship between employers and employees;
- o claims by the Company's employees of discrimination or harassment directed at them, including claims relating to actions of the Company's customers;
- o claims by contingent workers for retroactive entitlement to employee benefits;
- o claims of misconduct or negligence on the part of the Company's employees;
- o claims related to the employment of undocumented or unlicensed personnel;
- o the retention of the risk of loss, up to certain limits, for claims related to workers' compensation, general liability, automobile liability and employee group health;
- o errors and omissions of the Company's employees, particularly in the case of professionals; and
- o claims by the Company's customers relating to the Company's employees' misuse of customers' proprietary information, misappropriation of funds, other criminal activity or torts or other similar claims.

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, including misappropriation of funds, damage to customer facilities due to negligence of temporary employees, criminal activity and other similar claims. In many cases, the Company must indemnify its customers for the acts of the Company's employees, and certain customers have negotiated increases in the scope of such indemnification agreements. The Company may also incur fines and other losses or negative publicity with respect to these problems. In addition, these claims may give rise to litigation, which could be time-consuming and expensive. There can be no assurance that the corporate policies in place to help reduce the Company's exposure to these risks will be effective or that the Company will not experience losses as a result of these risks. There also can be no assurance that the insurance policies the Company has purchased to insure against certain risks will be adequate or that insurance coverage will remain available on reasonable terms or be sufficient in amount or scope of coverage. 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.

-16-

The Company is subject to certain legal proceedings, as well as demands, claims and threatened litigation that arise in the normal course of our business. A quarterly review is performed of each significant matter to assess any potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, a liability and an expense are recorded for the estimated loss. Significant judgment is required in both the determination of probability and the determination of whether an exposure is reasonably estimable. Any accruals are based on the best information available at the time. As additional information becomes available, a reassessment is performed of the potential liability related to any pending claims and litigation and may revise the Company's estimates. Potential legal liabilities and the revision of estimates of potential legal liabilities could have a material adverse impact on the results of the Company's operations.

**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 the Company does or intend to do business may:

- o create new or additional regulations that prohibit or restrict the types of services that the Company currently provides;
- o impose new or additional employee costs, including benefit requirements, thereby increasing the Company's 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 or users of services such as those offered by the Company, thereby increasing the Company's 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 the Company's foreign 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. The Company does not know the effect governmental activity will have on the industry in general or upon the Staffing Solutions Group's business.

In addition, certain private and governmental entities have focused on the contingent staffing industry in particular and, as well as 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 MAY EXPERIENCE BUSINESS INTERRUPTIONS THAT COULD HAVE AN ADVERSE EFFECT ON ITS OPERATIONS.

The Company could be negatively affected by natural disasters, fire, power loss, telecommunications failures, hardware or software malfunctions and break-downs, computer viruses or similar events. Although the Company has disaster recovery plans in place, it may not be able to adequately execute these plans in a timely fashion. If the Company's critical information systems fail or are otherwise unavailable, this could temporarily impact the Company's ability to pay employees, bill customers, service customers, maintain billing and payroll records reliably and pay taxes, which could adversely affect its revenue, operating expenses, and financial condition. A prolonged outage could seriously impact the Company's ability to service customers or hire temporary workers and could seriously threaten the organization.

-17-

#### IMPROPER DISCLOSURE OF EMPLOYEE AND CUSTOMER DATA COULD RESULT IN LIABILITY AND HARM THE COMPANY'S REPUTATION.

The Company's business involves the use, storage and transmission of information about its employees, its customers and employees of its customers and third parties. The Company and its third-party service providers have established policies and procedures to help protect the security and privacy of this information. It is possible that the Company's security controls over personal, consumer and customer data and other practices that the Company and its third-party service providers follow may not prevent the improper access to or disclosure of identifiable personal, consumer and customer information. Such disclosure could harm the Company's reputation and subject the Company to liability under its contracts and laws that protect personal, consumer and customer data, resulting in increased costs or loss of revenue.

#### THE COMPANY IS DEPENDENT UPON ITS KEY PERSONNEL.

The Company's operations are dependent on the continued efforts of its officers and executive management. In addition, the Company is dependent on the performance and productivity of its local managers and field personnel. The Company's ability to attract and retain business is significantly affected by local relationships and the quality of service rendered. The loss of those key officers and members of management who have acquired significant experience in the Company's businesses may cause a significant disruption to the Company's business. Moreover, the loss of the Company's key managers and field personnel may jeopardize existing client relationships with businesses that continue to use the Company's services based upon past relationships with these local managers and field personnel. The loss of such key personnel could have a material adverse effect on the Company's operation, because it may result in the

Company's inability to establish and maintain client relationships and otherwise operate our business.

**THE COMPANY IS DEPENDENT UPON ITS ABILITY TO ATTRACT AND RETAIN CERTAIN 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.

**WHEN THE COMPANY MAKES ACQUISITIONS, IT MAY NOT BE ABLE TO SUCCESSFULLY INTEGRATE THEM OR ATTAIN THE ANTICIPATED BENEFITS.**

If the Company is unsuccessful in integrating its acquisitions, or if integration is more difficult than anticipated, the Company may experience disruptions that could have a material adverse effect on its business. In addition, the Company may not realize all of the anticipated benefits from its acquisitions, which could result in an impairment of goodwill or other intangible assets.

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

The Company is required to maintain certain covenants 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.

-18-

**IF THE COMPANY FAILS TO MAINTAIN AN EFFECTIVE SYSTEM OF INTERNAL CONTROLS OR DISCOVERS MATERIAL WEAKNESSES IN ITS INTERNAL CONTROLS OVER FINANCIAL REPORTING, IT MAY NOT BE ABLE TO REPORT ITS FINANCIAL RESULTS ACCURATELY OR TIMELY OR DETECT FRAUD, WHICH COULD HAVE A MATERIAL ADVERSE EFFECT ON ITS BUSINESS.**

An effective internal control environment is necessary for the Company to produce reliable financial reports and is an important part of its effort to prevent financial fraud. The Company is required to periodically evaluate the effectiveness of the design and operation of its internal controls over financial reporting. Based on these evaluations, the Company may conclude that enhancements, modifications or changes to internal controls are necessary or desirable. In the Company's evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of November 2, 2008, management concluded that, as of their evaluation, the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) are ineffective because of the effect of a material weakness in the Company's system of internal controls at one of the Company's subsidiaries. The Company's management reviewed and evaluated the design of the control procedures and is taking actions to remediate the reported material weakness.

While management evaluates the effectiveness of the Company's internal controls on a regular basis, these controls may not always be effective. There are inherent limitations on the effectiveness of internal controls, including collusion, management override, and failure in human judgment. In addition, control procedures are designed to reduce rather than eliminate business risks. If the Company fails to maintain an effective system of internal controls, or if management or the Company's independent registered public accounting firm discovers material weaknesses in the Company's internal controls, it may be unable to produce reliable financial reports or prevent fraud, which could have a material adverse effect on the Company's business. In addition, the Company may be subject to sanctions or investigation by regulatory authorities, such as the Securities Exchange Commission or the New York Stock Exchange. Any such actions could result in an adverse reaction in the financial markets due to a loss of confidence in the reliability of the Company's financial statements, which could cause the market price of its common stock to decline or limit the Company's access to capital.

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, 2008, the Company's principal shareholders, who are related family members, controlled in excess of 42 % of the Company's outstanding common stock. Accordingly, these shareholders, if they act together (as to which no assumption can be made) would be able to control the composition of the Company's board of directors and many other matters requiring shareholder approval and could 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 acquiror from attempting to obtain control of the Company.

NEW YORK LAW AND THE COMPANY'S ARTICLES OF INCORPORATION AND BYLAWS CONTAIN PROVISIONS THAT COULD MAKE THE TAKEOVER OF THE COMPANY MORE DIFFICULT.

Certain provisions of New York law and the Company's articles of incorporation and bylaws could have the effect of delaying or preventing a third-party from acquiring the Company, even if a change in control would be beneficial to the Company's shareholders. These provisions of the Company's articles of incorporation and bylaws include:

- o providing for a classified board of directors with staggered, two-year terms;
- o permitting removal of directors only for cause;
- o providing that vacancies on the board of directors will be filled by the remaining directors then in office; and
- o requiring advance notice for shareholder proposals and director nominees.

The Company's board of directors could choose not to negotiate with a potential acquirer that it did not believe was in the Company's strategic interests. If an acquirer is discouraged from offering to acquire the Company or prevented from successfully completing a hostile acquisition by these or other measures, the Company's shareholders could lose the opportunity to sell their shares at a favorable price.

-19-

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.

The Company's stock price has in the past, and could in the future, fluctuate as a result of a variety of factors, including those factors previously discussed, many of which are beyond the Company's control. Among the factors that could affect the Company's stock price are:

- o relatively low float of the Company's common stock caused, among other reasons, by the holdings of the Company's principal shareholders and members of their families;
- 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 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 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 economic conditions such as the current recession;
- o general market conditions; and
- o other domestic and international macroeconomic factors unrelated to the Company's performance.

The stock market has experienced 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

-20-

#### ITEM 2. PROPERTIES

The Company occupies approximately 44,000 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	
<S> Orange, California	<C> West Region Headquarters Accounting Center Staffing Services Computer Systems	<C>	200,000	<C> Owned (1)
El Segundo, California	Staffing Services		20,000	Owned
San Diego, California	Staffing Services		20,000	Owned
Montevideo, Uruguay	Printing and Other		80,000	Owned
Blue Bell, Pennsylvania	Computer Systems		55,000 (2)	2012
Redmond, Washington	Staffing Services		66,000 27,000	2010 2009
Wallington, New Jersey	Computer Systems		32,000	2012
Rochester, New York	Computer Systems		50,500	2018
Toronto, Canada	Staffing Services		81,000	2010
Munich, Germany	Computer Systems		36,000	2009

(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.

(2) 42,600 sq. ft. in this facility is subleased to the purchaser of the Company's former Telephone Directory Division.

The Company leases space in approximately 235 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 2009 until 2018.

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.

-21-

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

### ITEM 3. LEGAL PROCEEDINGS

The Company is a party to claims and legal proceedings which arise from time to time in the ordinary course of business. It is not possible to predict the outcome of these claims and proceedings; however, they may consume substantial amounts of the Company's financial and managerial resources and might result in adverse publicity, regardless of the outcome. No proceeding or proceedings presenting in large degree the same legal and factual issues involve a claim exceeding the threshold in Item 1.03 of Regulation S-K.

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

Not applicable.

-22-

### EXECUTIVE OFFICERS

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STEVEN A. SHAW, 49, has been President and Chief Executive Officer of the Company since March 2006 and Chief Operating Officer of the Company since March 2005. He served as Co-Chief Executive Officer of the Company from September 2005 to March 2006, as Executive Vice President of the Company from March 2005 to March 2006 and as Senior Vice President of the Company from November 2000 to March 2005. He has been employed by the Company in executive capacities since November 1995.

JEROME SHAW, 82, 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.

JACK EGAN, 59, has been Senior Vice President and Principal Financial Officer of the Company since April 2006. Prior thereto he served as Vice President - Corporate Accounting and Principal Accounting Officer since January 1992. He has been employed in executive capacities by the Company since 1979.

HOWARD B. WEINREICH, 66, 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.

LUDWIG M. GUARINO, 57, has been Senior Vice President of the Company since April 2006 and Treasurer of the Company since January 1994. He has been employed in executive capacities by the Company since 1976.

THOMAS DALEY, 54, has been Senior Vice President of the Company since March 2001 and has been employed in executive capacities by the Company since 1980.

DANIEL G. HALLIHAN, 60, has been Vice President - Accounting Operations since January 1992 and has been employed in executive capacities by the Company since 1986.

RONALD KOCHMAN, 49, has been Vice President of the Company since March 2005 and has been employed by the Company in executive capacities in its financial departments since 1987.

LOUISE ROSS, 60, has been Vice President - Human Resources of the Company since September 2006 and has been employed by the Company in executive capacities in its human resource departments since 1993.

Steven A. Shaw is the son of Jerome Shaw. Deborah Shaw, a director of the Company, is the cousin of Steven A. Shaw. Bruce G. Goodman, a director of the Company, is the husband of Deborah Shaw's sister. Deborah Shaw and her sister are co-executors of the Estate of William Shaw. William Shaw was Jerome Shaw's

brother and a founder of the Company, and was President and Co-Chief Executive Officer of the Company at the time of his death in March 2006. There are no other family relationships among the executive officers or directors of the Company.

-23-

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 November 2, 2008:

Fiscal Period	2008		2007	
	High	Low	High	Low
First Quarter	\$18.40	\$12.10	\$42.12	\$25.98
Second Quarter	19.70	13.48	38.59	25.10
Third Quarter	14.96	11.21	26.29	16.32
Fourth Quarter	15.17	5.42	19.48	14.19

As of January 9, 2009, there were approximately 310 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. One of the Company's credit agreements contain financial covenants, one of which limits cash dividends, capital stock purchases and redemptions by the Company in any one fiscal year to 50% of the prior year's consolidated net income, as defined. The amount available for cash dividends, capital stock purchases and redemptions under this covenant, at November 3, 2008 was \$32.1 million.

The following table sets forth certain information, as at November 2, 2008, 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>	<C>
Equity compensation plans approved by security holders			
1995 Non-Qualified Stock Option Plan	74,115 (a)	\$12.87	-- (a)
2006 Incentive Stock Plan	332,280	\$13.32	1,167,720
Equity compensation plans not approved by security holders	--	--	--
Total	<u>406,395</u>	<u>\$13.16</u>	<u>1,167,720</u>

</TABLE>

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

-24-

The Company's Common Stock has been listed on the New York Stock Exchange since May 7, 1997. The following graph compares the cumulative total shareholder return to holders of the Company's Common Stock with (a) the New York Stock Exchange Stock Market Index and (b) securities of companies traded on the New York Stock Exchange having market capitalizations that are within 5% of the market capitalization of the Company's Common Stock as at the end of the Company's latest fiscal year-end (this peer group has been historically selected by the Company because the Company has operated in five, four since the sale of Autologic, diverse business segments). The comparison assumes \$100 was invested on November 2, 2003 in the Company's Common Stock and in each of the comparison groups, and assumes reinvestment of dividends (the Company paid no dividends during the periods):

[SEE SUPPLEMENTAL PDF FOR CHART]

<TABLE>  
<CAPTION>

COMPARISON OF CUMULATIVE TOTAL RETURN OF ONE OR MORE COMPANIES, PEER GROUPS AND BROAD MARKETS

	2003	2004	2005	2006	2007	2008		
<S>	<C>	<C>	<C>	<C>	<C>	<C>		
VOLT INFORMATION SCIENCES, INC.	\$100.00	\$166.00	\$106.57	\$223.54	\$139.39	\$65.54		
PEER GROUP INDEX	\$100.00	\$101.80	\$105.89	\$116.51	\$105.45	\$58.59		
NEW YORK STOCK EXCHANGE INDEX	\$100.00	\$111.54	\$124.89	\$147.45	\$178.05	\$114.04		

</TABLE>

-25-

Issuer Purchases of Equity Securities

<TABLE>  
<CAPTION>

Period	Total Number of Shares			
	Total Number of Shares Purchased	Average Price Paid per Share	Publicly Announced Plan or Program	Maximum Number of Shares that May Yet Be Purchased Under the Plan or Program
<S>	<C>	<C>	<C>	<C>
July 28, 2008 - August 24, 2008	-	-	-	1,500,000
August 25, 2008 - September 21, 2008	255,637	\$10.84	255,637	1,244,363
September 22, 2008 - November 2, 2008	903,098	\$8.75	903,098	341,265
Total	<u>1,158,735</u>		<u>1,158,735</u>	

</TABLE>

On June 2, 2008, the Company's Board of Directors authorized the repurchase of up to one million five hundred thousand (1,500,000) shares of the Company's common stock from time to time in open market or private transactions at the Company's discretion, subject to market conditions and other factors. The timing and exact number of shares purchased will be at the Company's discretion and will depend on market conditions and is subject to institutional approval for purchases in excess of \$32.1 million in fiscal year 2009 under the terms of the Company's credit agreements.

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

-26-



ITEM 6. SELECTED FINANCIAL DATA

<TABLE>  
<CAPTION>

Year Ended (Notes 1 and 2)

	November 2,2008	October 28, 2007	October 29, 2006	October 30, 2005	October 31, 2004
(In thousands, except per share data)					
Net Sales	\$ 2,427,318	\$ 2,285,061	\$ 2,270,232	\$ 2,110,571	\$ 1,862,164
(Loss) income from continuing operations-- Note 3	(\$ 34,271)	\$ 29,542	\$ 20,074	\$ 8,021	\$ 17,339
Discontinued operations--Note 4 and 5		98,485	9,790	10,576	9,019 16,377
Net income	\$ 64,214	\$ 39,332	\$ 30,650	\$ 17,040	\$ 33,716
Per Share Data					
Basic:					
(Loss) income from continuing operations	(\$ 1.56)	\$ 1.29	\$ 0.86	\$ 0.35	\$ 0.76
Discontinued operations	4.48	0.42	0.46	0.39	0.71
Net income	\$ 2.92	\$ 1.71	\$ 1.32	\$ 0.74	\$ 1.47
Weighted average number of shares	21,982	22,935	23,227	22,980	22,851
Diluted:					
(Loss) income from continuing operations	(\$ 1.56)	\$ 1.29	\$ 0.86	\$ 0.35	\$ 0.75
Discontinued operations	4.48	0.42	0.45	0.39	0.71
Net income	\$ 2.92	\$ 1.71	\$ 1.31	\$ 0.74	\$ 1.46
Weighted average number of shares	21,982	22,985	23,388	23,126	23,031
Total assets	\$ 925,779	\$ 840,151	\$ 699,121	\$ 688,712	\$ 690,036
Long-term debt, net of current portion	\$ 12,082	\$ 12,316	\$ 12,827	\$ 13,297	\$ 15,588

</TABLE>

Note 1 -- Fiscal years 2004 through 2007 consisted of 52 weeks and fiscal year 2008 consisted of 53 weeks.

Note 2 -- Cash dividends were not paid during the five-year period ended November 2, 2008.

Note 3 -- Fiscal 2004 included a gain from the sale of real estate of \$3.3 million (\$2.0 million, net of taxes, or \$0.09 per share).

Note 4 -- Fiscal 2008 included a net gain of \$93.0 million, or \$4.23 per share, from discontinued operations resulting from the Company's sale of the net assets of its DataNational and Directories Systems and Services divisions. The results of operations for these divisions have been reclassified to discontinued operations for fiscal years 2008 through 2004.

Note 5 -- Fiscal 2004 included a gain from discontinued operations of \$9.5 million (net of taxes of \$4.6 million), or \$0.41 per share, from the sale of real estate previously leased to the Company's former 59% owned subsidiary, Autologic International, Inc.

## Organization of Information

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Management's discussion and analysis of financial condition and results of operations ("MD&A") is provided as a supplement to our consolidated financial statements and notes thereto included in Item 8 of this Form 10-K and to provide an understanding of our consolidated results of operations, financial condition and changes in financial condition. Our MD&A is organized as follows:

- o Executive Overview - This section provides a general description of our business segments and provides a brief overview of the results of operations during the accounting period.
- o Results of Operations - This section provides our analysis of the line items on our summary of operating results by segment for the current and comparative accounting periods on both a company-wide and segment basis. The analysis is in both a tabular and narrative format.
- o Liquidity and Capital Resources - This section provides an analysis of our liquidity and cash flows, as well as our discussion of our commitments, securitization program and credit lines.
- o Critical Accounting Policies - This section discusses those accounting policies that are considered to be both important to our financial condition and results of operations and require us to exercise subjective or complex judgments in their application.
- o New Accounting Pronouncements - This section includes a discussion of recently published accounting authoritative literature that may have an impact on our historical or prospective results of operations or financial condition.
- o Related Person Transactions - This section describes any business relationships, or transaction or series of similar transactions between the Company and its directors, executive officers, shareholders (with a 5% or greater interest in the Company), or any entity in which any such person has more than a 10% equity ownership interest, as well as members of the immediate families of any of the foregoing persons during the fiscal years 2007 and 2008. Excluded from the transactions are employment compensation and directors' fees.

-28-

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

### Executive Overview

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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 provides a full spectrum of managed staffing, temporary/contract personnel employment, and workforce solutions. This functional area is comprised of the Technical Resources ("Technical") division and the Administrative and Industrial ("A&I") division. The employees and contractors on assignment are usually on the payroll of the Company for the length of their assignment and are then eligible to be re-assigned to another customer. This functional area also uses employees and subcontractors from other staffing providers ("associate vendors") when necessary. This functional area also provides direct placement services and, upon request from customers, subject to contractual conditions, will allow the customer to convert the temporary employees to full-time customer employees, under negotiated terms. In addition, the Company's Recruitment Process Outsourcing

("RPO") services deliver end-to-end recruitment and hiring outsourced solutions to customers. The Technical division provides skilled employees, such as computer and other IT specialties, engineering, design, life sciences and technical support. The A&I division provides administrative, clerical, office automation, accounting and financial, call center and light industrial personnel. The length of an employee's assignments in the Technical division may be as short as a few weeks but in many cases can last for six to twelve months. Assignments in the A&I division are generally shorter than in the Technical division.

- o E-Procurement Solutions provides global competitively bid human capital acquisition and management solutions by combining web-based tools and business process outsourcing services. The employees and contractors on assignment are usually from associate vendor firms, although at times, Volt recruited contractors may be selected to fill some assignments, but in those cases Volt competes on an equal basis with other unaffiliated firms. The Company receives a fee for managing the process, and the revenue for such services is recognized net of its associated costs. This functional area, which is part of the Technical division, is comprised of the ProcureStaff operation.
- o Information Technology Solutions provides a wide range of services including consulting, outsourcing and turnkey project management in the software and hardware development, IT infrastructure services and customer contact markets. This functional area offers higher margin project-oriented services to its customers and assumes greater responsibility in contrast to the other areas within the segment. This functional area, which is part of the Technical division, is comprised of the VMC Consulting operation.

-29-

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

### Executive Overview--Continued

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**Telecommunications Services:** This segment provides a full spectrum of turnkey telecommunications and related services solutions for commercial and government sectors. It designs, engineers, constructs, installs and maintains voice, data, video and utility infrastructure for public and private businesses, military and government agencies. This segment also installs distribution piping for potable and re-use water systems for municipalities.

**Computer Systems:** This segment provides directory and operator systems and services primarily for the telecommunications industry and provides IT maintenance services. The segment also 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 fee basis. It also provides third-party IT and data services to others. This segment is comprised of VoltDelta, Volt Delta International, LSSiDATA and the Maintech computer maintenance division.

**Printing and Other:** This segment provides printing services and publishes telephone directories in Uruguay. The telephone directory revenues of this segment are derived from the sales of telephone directory advertising for the books it publishes. The operations of this segment were part of the Telephone Directory segment until the current quarter. In September 2008, the Company sold the net assets of its DataNational and Directory Systems divisions, whose operations for the current and prior fiscal years have been reclassified to Discontinued Operations in these financial statements, with the remainder of the segment being renamed Printing and Other.

The Company's operating segments have been determined in accordance with the Company's internal management structure, which is based on operating activities. The Company evaluates performance based upon several factors, of which the primary financial measure is segment operating profit. Operating profit provides management, investors and equity analysts a measure to analyze operating

performance of each business segment against historical and competitors' data, although historical results, including operating profit, may not be indicative of future results, as operating profit is highly contingent on many factors, including the state of the economy and customer preferences.

This report includes information extracted from consolidated financial information that is not required by Generally Accepted Accounting Principles ("GAAP") to be presented in the financial statements. Certain of this information is considered "non-GAAP financial measures" as defined by SEC rules. Some of these measures are as follows:

Gross profit for a segment is comprised of its total net sales less direct costs.

Segment or division operating profit is comprised of segment or division gross profit less its overhead, selling and administrative costs and depreciation, and has limitations as an analytical tool. It should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP. Some of these limitations are due to the omission of: (a) general corporate expenses; (b) interest income earned by the Company on excess cash generated by its segments; (c) interest expended on corporate debt necessary to finance the segments' operations and capital expenditures; and (d) interest and fees related to sales of interests in accounts receivable. Because of these limitations, segment or division operating profit (loss) should only be used on a supplemental basis combined with GAAP results when evaluating the Company's performance.

-30-

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

### Executive Overview--Continued

Overhead is comprised of indirect costs required to support each segment's operations, and is included in cost of sales in the statements of operations, along with selling and administrative and depreciation expenses, which are reflected separately in the statements of operations.

General corporate expenses are comprised of the Company's shared service centers, and include, among other items, enterprise resource planning, human resource, corporate accounting and finance, treasury, legal and executive functions. In order to leverage the Company's infrastructure, these functions are operated under a centralized management platform, providing support services throughout the organization. The costs of these functions are included within general corporate expenses as they are not directly allocable to a specific segment.

Several historical seasonal factors usually affect the sales and profits of the Company. The Staffing Services segment's sales and operating profit 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. Due to the fact that the Company's fiscal year-end is the last Sunday closest to the end of October, periodically its fiscal year is comprised of 53 weeks. Fiscal year 2008 was comprised of 53 weeks.

The demand for the Company's services in all segments, both domestically and in its foreign operations, is dependent upon general economic conditions. The Company's business tends to suffer during economic downturns, such as the current recession. The slowing of the economy during the fourth quarter of fiscal 2008 has adversely affected the Company's revenue and operating profit.

In fiscal 2008, the Company's consolidated net sales totaled \$2.4 billion and consolidated segment operating loss totaled \$4.5 million. The explanations by segment for fiscal 2008 are detailed below.

Staffing Services: The Staffing Services segment's net sales for fiscal 2008

increased by \$72.9 million, or 4%, from the prior year. Since the sales for this segment are substantially related to the number of weeks in the fiscal period, approximately half of the sales increase was related to the extra week in the fiscal year. The operating profit for fiscal 2008 decreased by \$13.1 million, or 24%, from fiscal 2007. The decrease in operating profit in fiscal 2008 was due to a goodwill impairment charge of \$4.9 million in fiscal 2008, a decrease in gross margin percentage and an increase in overhead, partially offset by the increase in net sales.

Telecommunications Services: The Telecommunications Services segment's sales increased by \$52.0 million, or 43%, from the 2007 fiscal year, however, the operating results decreased by \$27.6 million. The decrease in operating results for fiscal 2008 was due to a decrease in gross margin percentage and increased overhead costs. In late January 2008, the Company learned that it may not be reimbursed for certain costs estimated and recorded under an installation contract and the increase in operating loss for the year was primarily due to the losses estimated and recorded on this contract. The increase in overhead was predominantly due to increased indirect labor and equipment costs related to this contract. The Company continues to negotiate with the customer in order for it to be reimbursed for disputed billings under this contract. The installation work on this contract is complete.

-31-

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

### Executive Overview--Continued

Computer Systems: The Computer Systems segment's sales increased by \$13.4 million, or 7%, from the 2007 fiscal year, while its operating results decreased by \$54.4 million, or 172%, in fiscal 2008. The decrease in operating results in fiscal 2008 was due to a goodwill impairment charge of \$41.5 million in fiscal 2008, the increased overhead costs as a result of the acquisition of LSSi, which included \$1.5 million of severance costs and increased amortization of intangible costs related to the acquisition.

Printing and Other: On September 5, 2008, the Company sold the net assets of its directory systems and services and North American telephone directory publishing operations to Yellow Page Group ("YPG"). The net purchase price of \$179.3 million was paid in cash at closing. The transaction included the operations of Volt Directory Systems and DataNational, formerly part of the Telephone Directory segment, but excluded the Uruguayan printing and telephone directory operations, which now comprises this new segment. The results of operations of Volt Directory Systems and DataNational have been classified as discontinued and the prior period results have been reclassified. The Printing and Other segment's sales increased by \$4.1 million from the 2007 fiscal year, and its operating profit increased by \$0.1 million in fiscal 2008, despite a decrease in the gross margin percentage.

The Company has focused, and will continue to focus, on aggressively increasing its market share while attempting to maintain margins in order to increase profits. Despite an increase in costs to solidify and expand their presence in their respective markets, the segments have emphasized cost containment measures, along with improved credit and collections procedures designed to improve the Company's cash flow.

### Consolidated 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.

In fiscal 2008, consolidated net sales increased by \$142.3 million, or 6%, to approximately \$2.4 billion, from the prior fiscal year. The increase in the sales for the fiscal year was comprised of increases in Staffing Services of \$72.9 million, Telecommunications Services of \$52.0 million, Computer Systems of

\$13.4 million, and Printing and Other of \$4.1 million.

Cost of sales increased by \$182.0 million, or 9%, to \$2.3 billion, and was 94% of sales, in fiscal 2008, as compared to 92% of sales in fiscal 2007. The increase in the cost of sales percentage was primarily due to the losses sustained in the Telecommunications segment in fiscal 2008.

Selling and administrative costs increased by \$2.3 million, or 3%, in fiscal 2008 from fiscal 2007, and was 3.8% of sales, as compared to 3.9% in fiscal 2007.

Depreciation and amortization increased by \$1.5 million, or 4%, in fiscal 2008 from fiscal 2007, and remained at 1.6% of sales. The increase in depreciation and amortization in the current year compared to fiscal 2007 was attributable to increases in amortization of intangibles in the Computer Systems segment due to acquisitions in fiscal 2007, along with additions of fixed assets in the Computer Systems, Staffing Services and the Telecommunications Services segments, partially offset by a reduction in amortization of the corporate enterprise resource planning system.

-32-

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

### FISCAL 2008 (53 WEEKS) COMPARED TO FISCAL 2007 (52 WEEKS)

#### Consolidated Results of Operations--Continued

-----  
Impairment and restructuring charges totaled \$47.9 million in fiscal 2008. Based upon indicators of impairment in the fourth quarter of fiscal 2008, which included a significant decrease in market capitalization, a decline in recent operating results, and a decline in the Company's business outlook primarily due to the macroeconomic environment, the Company performed an interim impairment test as of November 2, 2008. The Company completed step one of the impairment analysis and concluded that, as of November 2, 2008, the fair value of the Computer Systems and Staffing Services segments were below their respective carrying values including goodwill. Step two of the impairment test was initiated but, due to the time consuming nature, has not been completed. The Company recorded estimates of impairment in the amount of \$41.5 million and \$4.9 million, in the Computer Systems and Staffing Services segments, respectively as of November 2, 2008. The Company expects to complete the step two analyses in time for the first quarter Form 10-Q filing. The Company recorded no impairment charges in fiscal 2007 or 2006. The restructuring charge of \$1.5 million in the Computer Systems segment was due to the reduction of foreign and domestic personnel as a result of the acquisition and integration of LSSi.

The Company reported an operating loss of \$40.7 million in the current year, as compared to an operating profit of \$50.7 million in fiscal 2007 due to a decrease in segment operating profit of \$95.0 million, or 105%, partially offset by a decrease of \$3.6 million, or 9%, in general corporate expenses. The decrease in segment operating results, after taking into the effect the write-down of goodwill, was primarily attributable to the decreased operating results of the Computer Systems segment of \$54.4 million, the Telecommunications Services segment of \$27.6 million and the Staffing Services segment of \$13.1 million.

Interest income decreased by \$1.4 million, or 23%, in the current year from fiscal 2007 due to lower interest rates and a reduction in premium deposits held by insurance companies.

Other expense decreased by \$3.1 million, or 44%, in the current year from fiscal 2007 due to an amended securitization program which resulted in a reduction in securitization fees and an increase in interest expense.

Interest expense increased by \$4.0 million, or 111%, in the current year from fiscal 2007 due to additional borrowings used to fund the 2007 acquisitions and the aforementioned amended securitization program.

The income from continuing operations before income taxes decreased by \$92.1 million, or 201%, from fiscal 2007 due to the aforementioned factors.

The Company's effective tax benefit on its financial reporting pre-tax loss from continuing operations was 25.7% in fiscal 2008 compared to an effective tax provision rate of 35.5% on its financial reporting pre-tax income in fiscal 2007.

Income from discontinued operations for fiscal 2008 totaled \$98.5 million (net of income taxes of \$67.1 million) compared to \$9.8 million (net of income taxes of \$6.7 million) in fiscal 2007. The increase was due to the gain on the sale of the discontinued operation in fiscal 2008.

The net income in fiscal 2008 was \$64.2 million compared to a net income of \$39.3 million in fiscal 2007.

-33-

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

FISCAL 2008 (53 WEEKS) COMPARED TO FISCAL 2007 (52 WEEKS)--Continued

Results of Operations by Segment  
-----

The following two tables reconcile the operating profit by segment to the consolidated statements of operations for the fiscal year ended November 2, 2008 and October 28, 2007:

<TABLE>  
<CAPTION>

	Twelve Months Ended November 2, 2008						
	(Dollars in Millions)						
	Total	Staffing Services	Telecommunications Services	Computer Systems	Printing and Other	Corporate & Eliminations	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
Net sales	\$ 2,427.3	\$ 2,043.8	\$ 171.7	\$ 212.7	\$ 16.9	(\$ 17.8)	
Direct costs	1,930.5	1,707.1	133.3	96.9	11.0	(17.8)	
Overhead	359.7	234.1	57.9	67.7	--	--	
Cost of sales	2,290.2	1,941.2	191.2	164.6	11.0	(17.8)	
Selling & administrative		91.3	43.2	0.5	8.9	4.9	33.8
Impairment and restructuring costs	47.9	4.9	--	43.0	--	--	
Depreciation	38.6	14.0	2.6	18.9	0.7	2.4	
Operating (loss) profit	(40.7)	40.5	(22.6)	(22.7)	0.3	(36.2)	
Interest income	4.8	--	--	--	--	4.8	
Other expense, net	(4.0)	--	--	--	--	(4.0)	
Foreign exchange	1.2	--	--	--	--	1.2	
Interest expense	(7.6)	--	--	--	--	(7.6)	
(Loss) income from continuing operations before minority interest and income taxes	(\$ 46.3)	\$ 40.5	(\$ 22.6)	(\$ 22.7)	\$ 0.3	(\$ 41.8)	

</TABLE>

-34-

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

FISCAL 2008 (53 WEEKS) COMPARED TO FISCAL 2007 (52 WEEKS)--Continued

Results of Operations by Segment--Continued  
-----

<TABLE>  
<CAPTION>

Twelve Months Ended October 28, 2007

(Dollars in Millions)

	Total	Staffing Services	Telecommunications Services	Computer Systems	Printing and Other	Corporate & Eliminations
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales	\$ 2,285.0	\$ 1,970.9	\$ 119.7	\$ 199.3	\$ 12.8	(\$ 17.7)
Direct costs	1,810.3	1,641.0	88.6	90.8	7.6	(17.7)
Overhead	297.9	221.2	23.8	52.9	--	--
Cost of sales	2,108.2	1,862.2	112.4	143.7	7.6	(17.7)
Selling & administrative	89.0	42.4	0.4	7.6	4.2	34.4
Depreciation	37.1	12.7	1.9	16.3	0.8	5.4
Operating profit (loss)	50.7	53.6	5.0	31.7	0.2	(39.8)
Interest income	6.2	--	--	--	--	6.2
Other expense, net	(7.1)	--	--	--	--	(7.1)
Foreign exchange	(0.4)	--	--	--	--	(0.4)
Interest expense	(3.6)	--	--	--	--	(3.6)
Income (loss) from continuing operations before minority interest and income taxes	\$ 45.8	\$ 53.6	\$ 5.0	\$ 31.7	\$ 0.2	(\$ 44.7)

</TABLE>

Staffing Services

<TABLE>  
<CAPTION>

Year Ended

	November 2, 2008		October 28, 2007		Favorable (Unfavorable) \$	Favorable (Unfavorable) % Change
(Dollars in Millions)	% of Net Dollars	Sales	% of Net Dollars	Sales	Change	% Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Gross Staffing Sales	\$1,988.4		\$1,922.3		\$66.1	3.4%
Managed Service Sales (Gross)	\$1,278.4		\$1,212.9		\$65.5	5.4%
Net Sales *	\$2,043.8		\$1,970.9		\$72.9	3.7%
Direct Costs	\$1,707.1	83.5%	\$1,641.0	83.3%	(\$66.1)	(4.1%)
Gross Profit	\$336.7	16.5%	\$329.9	16.7%	\$6.8	2.0%
Overhead	\$234.1	11.5%	\$221.2	11.2%	(\$12.9)	(5.8%)
Selling & Administrative	\$43.2	2.1%	\$42.4	2.2%	(\$0.8)	(1.9%)
Impairment & Restructuring	\$4.9	0.2%	-	-	(\$4.9)	-
Depreciation & Amortization	\$14.0	0.7%	\$12.7	0.6%	(\$1.3)	(10.4%)
Segment Operating Profit	\$40.5	2.0%	\$53.6	2.7%	(\$13.1)	(24.4%)

</TABLE>

\* Net Sales includes the gross margin on managed service sales.



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

FISCAL 2008 (53 WEEKS) COMPARED TO FISCAL 2007 (52 WEEKS)--Continued

Staffing Services--Continued

The increase in net sales of the Staffing Services segment in fiscal 2008 from the prior year was comprised of a \$80.3 million, or 6%, increase in net Technical sales, partially offset by a decrease of \$7.4 million, or 1%, in net A&I sales. Foreign generated net sales for the current year accounted for 7% of total Staffing Services net sales, compared to 6% in fiscal 2007. Foreign sales increased by 23% from the prior year, and on a constant currency basis, foreign sales increased by 22% from fiscal 2007.

The decrease in the segment's operating profit was comprised of a decrease of \$15.2 million in the Technical division, partially offset by an increase of \$2.1 million in the A&I division. The segment's gross margin percentage decrease was comprised of a reduction of 0.3 percentage points in the Technical division and 0.1 percentage points in the A&I division. The overhead percentages increased by 0.5 percentage points in the Technical division and decreased by 0.2 percentage points in A&I.

<TABLE>  
<CAPTION>

Technical Resources Division (Dollars in Millions)	Year Ended				Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	November 2, 2008		October 28, 2007			
	Net Dollars	% of Sales	Net Dollars	% of Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Gross Sales	\$2,621.9		\$2,480.9		\$141.0	5.7%
Net Sales *	\$1,425.5		\$1,345.2		\$80.3	6.0%
Direct Costs	\$1,192.1	83.6%	\$1,120.1	83.3%	(\$72.0)	(6.5%)
Gross Profit	\$233.4	16.4%	\$225.1	16.7%	\$8.3	3.7%
Overhead	\$153.6	10.8%	\$138.6	10.3%	(\$15.0)	(10.9%)
Selling & Administrative	\$31.3	2.2%	\$29.4	2.2%	(\$1.9)	(6.5%)
Impairment & Restructuring	\$4.9	0.3%	-	-	(\$4.9)	-
Depreciation & Amortization	\$11.5	0.8%	\$9.8	0.7%	(\$1.7)	(16.2%)
Division Operating Profit	\$32.1	2.3%	\$47.3	3.5%	(\$15.2)	(32.2%)

</TABLE>

\* Net Sales includes the gross margin on managed service sales.

The Technical division's increase in gross sales in fiscal 2008 from the prior year included increases of approximately \$26 million of sales to new customers, or customers with substantial increased business, as well as \$124 million attributable to net increases in sales to continuing customers. This was partially offset by sales decreases of approximately \$9 million from customers whose business with the Company either ceased or was substantially lower than in fiscal 2007. The division's increase in net sales in the current year as compared to the prior year was comprised of a \$64.0 million, or 5%, increase in traditional alternative staffing, a \$9.1 million, or 7%, increase in higher margin VMC Consulting project management and consulting sales, and a \$7.2 million, or 17%, increase in net managed service associate vendor sales. Included in the increase in traditional alternative staffing sales for the year

was a 23% increase in permanent placement and RPO sales.

-36-

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

FISCAL 2008 (53 WEEKS) COMPARED TO FISCAL 2007 (52 WEEKS)--Continued

Results of Operations by Segment--Continued

Staffing Services--Continued

The decrease in the operating profit was the result of an impairment charge, the decrease in the gross margin percentage, the increase in overhead in dollars and as a percentage of net sales, partially offset by the increase in net sales.

Based upon indicators of impairment in the fourth quarter of fiscal 2008, which included a significant decrease in market capitalization, a decline in recent operating results, and a decline in the Company's business outlook primarily due to the macroeconomic environment, the Company performed an interim impairment test at of November 2, 2008. The Company completed step one of the impairment analysis and concluded that, as of November 2, 2008, the fair value of the Staffing Services segment was below their carrying value including goodwill. Step two of the impairment test was initiated but, due to the time consuming nature, has not been completed. The Company recorded an estimate of impairment in the amount of \$4.9 million as of November 2, 2008. The Company expects to complete the step two analyses in time for the first quarter Form 10-Q filing. The Company recorded no impairment charges in fiscal 2007 or 2006. The decrease in gross margins was primarily due to VMC Consulting, with losses on two large projects offset by the completion in early fiscal 2008 of a project that was highly profitable in fiscal 2007. The segment's decreased gross margins were partially offset by an increase in higher margin permanent placement sales.

The increase in overhead percentage in fiscal 2008 was a result of an average increase in overhead staff levels of 5%, including VMC startup costs for new projects, and costs related to new foreign operations, partially offset by a reduction of \$2.0 million in health insurance costs due to improved claims experience.

<TABLE>  
<CAPTION>

Administrative & Industrial Division (Dollars in Millions)	Year Ended				Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	November 2, 2008		October 28, 2007			
	Dollars	% of Net Sales	Dollars	% of Net Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Gross Sales	\$644.9		\$654.3		(\$9.4)	(1.5%)
Net Sales *	\$618.3		\$625.7		(\$7.4)	(1.1%)
Direct Costs	\$515.0	83.3%	\$520.9	83.2%	\$5.9	1.2%
Gross Profit	\$103.3	16.7%	\$104.8	16.8%	(\$1.5)	(1.4%)
Overhead	\$80.5	13.0%	\$82.6	13.2%	\$2.1	2.6%
Selling & Administrative	\$11.9	1.9%	\$13.0	2.1%	\$1.1	8.9%
Depreciation & Amortization	\$2.5	0.4%	\$2.9	0.5%	\$0.4	9.6%
Division Operating Profit	\$8.4	1.4%	\$6.3	1.0%	\$2.1	34.3%

</TABLE>

\* Net Sales includes the gross margin on managed service sales.

The A&I division's decrease in gross sales in fiscal 2008 from the prior year included a decline of approximately \$17 million of sales to customers whose business with the Company either ceased or was substantially reduced in the current year, as well as \$26 million attributable to net decreases in sales to continuing customers. This was partially offset by growth of \$33 million from new customers, or customers whose business with the Company in the prior year was substantially below the current year's volume.

-37-

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

FISCAL 2008 (53 WEEKS) COMPARED TO FISCAL 2007 (52 WEEKS)--Continued

Results of Operations by Segment--Continued

Staffing Services--Continued

The increase in operating profit was the result of the decrease in overhead and selling and administrative costs in dollars and as a percentage of sales, partially offset by the decrease in net sales. The gross margin remained approximately the same, with a reduction of 0.3 percentage points in workers' compensation costs as a percentage of direct labor resulting from improvements in claims experience and the regulatory environment in several states, a 0.3 percentage point reduction in payroll taxes as a percentage of direct labor, offset by a decrease in permanent placement and RPO sales. The decrease in overhead costs was primarily due to a reduction in commissions related to the decrease in permanent placement sales. The division is focused on reducing overhead costs to compensate for lower sales. In fiscal 2008, the division closed underperforming branches, and in the last fiscal year, overhead staff levels have been reduced by an average of 3%.

Although the markets for the segment's services include a broad range of industries throughout North America, Europe, Asia/Pacific and Latin America, 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 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.

Telecommunications Services

<TABLE>  
<CAPTION>

	Year Ended					
	November 2, 2008		October 28, 2007			
(Dollars in Millions)	% of Net Dollars	Sales	% of Net Dollars	Favorable (Unfavorable) \$ Sales	Favorable (Unfavorable) Change	% Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net Sales	\$171.7		\$119.7	\$52.0	43.4%	
Direct Costs	\$133.3	77.6%	\$88.6	74.0%	(\$44.7)	(50.4%)
Gross Profit	\$38.4	22.4%	\$31.1	26.0%	\$7.3	23.4%

Overhead	\$57.9	33.8%	\$23.8	19.9%	(\$34.1)	(143.9%)
Selling & Administrative	\$0.5	0.3%	\$0.4	0.3%	(\$0.1)	(35.5%)
Depreciation & Amortization	\$2.6	1.5%	\$1.9	1.6%	(\$0.7)	(31.2%)
Segment Operating (Loss) Profit	(\$22.6)	(13.2%)	\$5.0	4.2%	(\$27.6)	(554.9%)

</TABLE>

The Telecommunications Services segment's sales increase in fiscal 2008 from the prior year was comprised of an increase of \$54.1 million, or 73%, in the Construction and Engineering division, partially offset by a decrease of \$2.1 million, or 5%, in the non-construction divisions. The sales increase in the Construction and Engineering division in the current year was due to a large on-going fiber optic contract which ramped up in the

-38-

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

FISCAL 2008 (53 WEEKS) COMPARED TO FISCAL 2007 (52 WEEKS)

Results of Operations by Segment--Continued

Telecommunications Services-- Continued

latter half of fiscal 2007 and the recognition of revenue in fiscal 2008 for several large utility and government contracts accounted for using the percentage-of-completion method of accounting. The sales decrease in the non-construction divisions was primarily due to net reduced volumes with existing customers. The segment's sales backlog at the end of fiscal 2008 approximated \$33 million, as compared to a backlog of approximately \$84 million at the end of fiscal 2007.

The decreased operating results for fiscal 2008 were due to the decreased gross margin percentage and the increase in overhead in dollars and as a percentage of sales. In late January 2008, the Company learned that it may not be reimbursed for certain costs estimated and recorded under an installation contract and the reduction in gross margin for fiscal 2008 is primarily due to the estimated losses projected on this contract. The installation work on this contract is complete. The Company continues to negotiate with the customer to be reimbursed for disputed billings under the contract. The increased overhead for fiscal 2008 was incurred to support the increased sales volume and the additional costs required to be expended on the aforementioned contract to substantially complete the work and resolve open issues with the customer. The Company also accrued costs related to a number of purported class actions brought by current and former employees working in California alleging various violations of California law.

A substantial portion of the business in this segment is obtained through the submission of competitive proposals for contracts, which typically are completed within one to three years. Many of this segment's master 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 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

(Dollars in Millions)	November 2, 2008		October 28, 2007			
	% of Net Dollars	% of Sales	% of Net Dollars	Favorable (Unfavorable) \$ Sales	Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Sales (Net)	\$212.7		\$199.3	\$13.4		6.7%
Direct Costs	\$96.9	45.5%	\$90.8	45.6%	(\$6.1)	(6.7%)
Gross Profit	\$115.8	54.5%	\$108.5	54.4%	\$7.3	6.7%
Overhead	\$67.7	31.9%	\$52.9	26.5%	(\$14.8)	(28.0%)
Selling & Administrative	\$8.9	4.2%	\$7.6	3.8%	(\$1.3)	(17.3%)
Impairment & Restructuring	\$43.0	20.2%	-	-	(\$43.0)	-
Depreciation & Amortization	\$18.9	8.9%	\$16.3	8.2%	(\$2.6)	(15.8%)
Segment Operating (Loss) Profit	(\$22.7)	(10.7%)	\$31.7	15.9%	(\$54.4)	(171.7%)

</TABLE>

-39-

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

FISCAL 2008 (53 WEEKS) COMPARED TO FISCAL 2007 (52 WEEKS)--Continued

Results of Operations by Segment--Continued

Computer Systems--Continued

The Computer Systems segment's sales increase in fiscal 2008 from the prior year was comprised of increases of \$11.0 million, or 19%, in the Maintech division's IT maintenance sales, \$10.1 million, or 17%, in the database access transaction fee revenue, including ASP directory assistance, partially offset by a decrease in projects and other sales of \$7.7 million, or 9%. The increase in transaction fee revenue for fiscal 2008 included \$21.3 million from the LSSi operations (enterprise data transactions) acquired in September 2007. The remaining transaction fee revenue from telco and non-telco customers reflected a decrease from existing customers of \$11.2 million, or 20%, from the prior fiscal year. This decrease was primarily due to a reduction of such services to a major customer as the customer agreement transitions to a fixed monthly fee model from a variable transaction-based pricing model. The \$8 million reduction in non-LSSi sales in fiscal 2008 from the prior fiscal year included decreases of approximately \$12 million of sales from customers whose business with the Company either ceased or was substantially lower than in fiscal 2007, as well as \$4 million attributable to net decreases in sales to continuing customers. This was partially offset by sales increases of approximately \$8 million to new customers, or customers with substantial increased business.

The segment's decreased operating results were due to the impairment and restructuring charges, the increase in overhead, selling and administrative expenses and depreciation and amortization in dollars and as a percentage of sales, partially offset by the increase in sales. Based upon indicators of impairment in the fourth quarter of fiscal 2008, which included a significant decrease in market capitalization, a decline in recent operating results, and a decline in the Company's business outlook primarily due to the macroeconomic environment, the Company performed an interim impairment test as of November 2, 2008. The Company completed step one of the impairment analysis and concluded that, as of November 2, 2008, the fair value of the Computer Systems segment was below their respective carrying value including goodwill. Step two of the impairment test was initiated but, due to the time consuming nature, has not been completed. The Company recorded an estimate of impairment in the amount of \$41.5 million as of November 2, 2008. The Company expects to complete the step

two analyses in time for the first quarter Form 10-Q filing. The Company recorded no impairment charges in fiscal 2007 or 2006. The restructuring charge of \$1.5 million in the Computer Systems segment was due to the reduction of foreign and domestic personnel as a result of the acquisition and integration of LSSi. The increased overhead and selling and administrative expenses included a \$10.1 million increase due to the inclusion in the current period of the LSSi operations for a full year. The increased depreciation and amortization was due to the amortization of intangibles related to the LSSi acquisition.

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, its continued ability to sell products and services to new and existing customers and consumer demands for its customers' services.

-40-

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

FISCAL 2008 (53 WEEKS) COMPARED TO FISCAL 2007 (52 WEEKS)--Continued

Results of Operations by Segment--Continued

Printing and Other--Continued

Printing and Other

<TABLE>  
<CAPTION>

(Dollars in Millions)	Twelve Months Ended						
	November 2, 2008		October 28, 2007		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change	
	% of Net Dollars	Sales	% of Net Dollars	Sales			
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
Net Sales	\$16.9		\$12.8		\$4.1	32.4%	
Direct Costs	\$11.0	64.9%	\$7.6	59.6%	(\$3.4)	(44.4%)	
Gross Profit	\$5.9	35.1%	\$5.2	40.4%	\$0.7	15.0%	
Selling & Administrative	\$4.9	28.7%	\$4.2	32.8%	(\$0.7)	(15.8%)	
Depreciation & Amortization	\$0.7	4.6%	\$0.8	6.0%	\$0.1	-	
Segment Operating Profit	\$0.3	1.8%	\$0.2	1.6%	\$0.1	46.4%	

</TABLE>

On September 5, 2008, the Company sold the net assets of its directory systems and services and North American telephone directory publishing operations to Yellow Page Group. The net purchase price of \$179.3 million was paid in cash at closing.

The transaction included the operations of Volt Directory Systems and DataNational, formerly part of the Telephone Directory segment, but excluded the Uruguayan printing and telephone directory operations, which now comprise this new segment, Printing and Other. The results of operations of Volt Directory Systems and DataNational have been classified as discontinued operations, and the prior period results have been reclassified.

The Printing and Other segment's sales increase in fiscal 2008 was comprised of

an increase of \$4.6 million, or 61%, in printing sales, partially offset by a decrease of \$0.5, or 9%, in telephone directory publishing sales. The increase in printing sales included \$4.0 million of sales to new customers. The decrease in telephone directory publishing sales was due to the timing of the delivery of the directories.

The increase in the operating profit in fiscal 2008 was due to the sales increase, the decrease in selling and administrative costs and depreciation as a percentage of sales, partially offset by the decreased gross margin percentage. The decrease in gross margin percentage was due to a reduction in the higher margin directory sales and an increase in the less profitable printing sales as compared to fiscal 2007.

-41-

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

FISCAL 2008 (53 WEEKS) COMPARED TO FISCAL 2007 (52 WEEKS)--Continued

Discontinued Operations

<TABLE>  
<CAPTION>

(Dollars in Millions)	Twelve Months Ended					
	November 2, 2008		October 28, 2007		Favorable (Unfavorable) \$ Sales	Favorable (Unfavorable) Change % Change
	% of Net Dollars	Sales	% of Net Dollars	Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net Sales	\$54.1		\$73.0		(\$18.9)	(25.9%)
Direct Costs	\$25.4	46.9%	\$34.1	46.7%	\$8.7	25.5%
Gross Profit	\$28.7	53.1%	\$38.9	53.3%	(\$10.2)	(26.2%)
Overhead	\$5.9	10.9%	\$7.3	10.0%	\$1.4	19.2%
Selling & Administrative	\$12.3	22.7%	\$13.5	18.6%	\$1.2	9.6%
Depreciation & Amortization	\$1.0	1.9%	\$1.2	1.6%	\$0.2	16.7%
Other Income	(\$0.3)	(0.6%)	(\$0.4)	(0.6%)	\$0.1	25.0%
Discontinued Segment Income	\$9.2	17.0%	\$16.5	22.5%	(\$7.3)	(44.1%)
Pretax Gain on Sale of Discontinued Operations	\$156.4		-			
Income Tax Provision	\$67.1		\$6.7			
Gain from Discontinued Operations	\$98.5		\$9.8			

</TABLE>

As described above, with the sale of the Volt Directory Systems and DataNational operations in September 2008, the results of their operations for the current and comparable fiscal periods have been reclassified from their previously reported Telephone Directory segment into Discontinued Operations. Their sales and costs for the two periods have been reclassified in the Company's Statement of Operations to Discontinued Operations. The gross components of their operations are reflected in the table above.

The components of the sales decrease for fiscal 2008 from fiscal 2007 were decreases of \$15.0 million in the DataNational community telephone directory publishing sales and \$3.9 million in production and other sales.

The decrease in the segment's operating profit from the comparable twelve months of fiscal 2007 was primarily the result of the sales decrease, partially offset by decreases in overhead and selling and administrative costs.

-42-

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

FISCAL 2008 (53 WEEKS) COMPARED TO FISCAL 2007 (52 WEEKS)--Continued

General Corporate Expenses and Other Income (Expense)

<TABLE>  
<CAPTION>

	Year Ended				Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	November 2, 2008	October 28, 2007	% of Net Dollars	% of Net Dollars		
(Dollars in Millions)						
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Selling & Administrative	\$33.8	1.4%	\$34.4	1.5%	\$0.6	2.1%
Depreciation & Amortization	\$2.4	0.1%	\$5.4	0.2%	\$3.0	55.4%
Interest Income	\$4.8	0.2%	\$6.2	0.3%	(\$1.4)	(22.6%)
Other Expense	(\$4.0)	(0.2%)	(\$7.1)	(0.3%)	\$3.1	43.7%
Foreign Exchange Gain (Loss)	\$1.2	-	(\$0.4)	-	\$1.6	374.3%
Interest Expense	(\$7.6)	(0.3%)	(\$3.6)	(0.2%)	(\$4.0)	(111.1%)

</TABLE>

The changes in other items affecting the results of operations for fiscal 2008 as compared to the prior year, discussed on a consolidated basis, were:

The decrease in selling and administrative expenses in fiscal 2008 from the prior year was primarily the result of decreased labor costs, equipment rental and communications costs, partially offset by increased consulting and professional fees.

The decrease in depreciation and amortization for fiscal 2008 from the prior year was due to portions of the corporate enterprise resource planning system becoming fully amortized.

The decrease in interest income was due to lower interest rates and a reduction in premium deposits held by insurance companies.

The decrease in other expense was primarily due to an amended securitization program which resulted in a reduction in securitization fees and an increase in interest expenses.

The foreign exchange gain in fiscal 2008 was primarily attributable to a gain recognized on the exercise of a foreign exchange contract.

Interest expense increased due to additional borrowings used to fund 2007 acquisitions and the aforementioned amendment to the securitization program.

-43-

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



## FISCAL 2007 COMPARED TO FISCAL 2006

### Consolidated Results of Operations

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In fiscal 2007, consolidated net sales increased by \$14.8 million, or 1%, to approximately \$2.3 billion, from the prior fiscal year. The increase in the sales for the fiscal year was comprised of increases in Computer Systems \$11.4 million, Printing and Other of \$1.6 million and Telecommunications Services of \$0.8 million, partially offset by a decrease in Staffing Services of \$1.3 million.

Cost of sales decreased by \$4.3 million, or 0.2%, to \$2.1 billion, and was 92% of sales, in fiscal 2007, as compared to 93% of sales in fiscal 2006.

Selling and administrative costs increased by \$5.6 million, or 7%, in fiscal 2007 from fiscal 2006, and was 3.9% of sales, as compared to 3.7% in fiscal 2006.

Depreciation and amortization increased by \$3.4 million, or 10%, in fiscal 2007 from fiscal 2006, and was 1.6% of sales, as compared to 1.5% in fiscal 2006. The increase in depreciation and amortization in the current year compared to fiscal 2006 was attributable to increases in amortization of intangibles in the Computer Systems segment due to acquisitions in fiscal 2006 and 2007, along with additions of fixed assets in the Staffing Services and Computer Systems segments.

The Company reported an operating profit of \$50.7 million in the fiscal 2007, as compared to \$40.6 million in fiscal 2006 due to an increase in segment operating profit of \$6.6 million, or 8%, along with a decrease of \$3.5 million, or 8%, in general corporate expenses. The increase in segment operating profit was primarily attributable to the improved operating results of the Telecommunications Services segment of \$6.2 million, the Computer Systems segment of \$3.3 million and the Printing and Other segment of \$2.3 million, partially offset by the decreased operating profit of the Staffing Services segment of \$5.2 million.

Interest income increased by \$3.0 million, or 96%, in fiscal 2007 due to higher interest rates, as well as interest earned on premium deposits held by insurance companies.

Other expense decreased by \$0.4 million, or 5%, in the fiscal 2007 due to a decrease in securitization fees due to a decrease in the amount of accounts receivable sold under the Company's Securitization Program.

Interest expense increased by \$1.8 million, or 99%, in fiscal 2007 due to additional borrowings used to fund acquisitions.

Income from continuing operations before minority interest and income taxes for fiscal 2007 totaled \$45.8 million compared to \$34.0 million in fiscal 2006.

The Company's effective tax rate on its financial reporting pre-tax income was 35.5% in fiscal 2007 compared to 38.0% in fiscal 2006.

The net income in fiscal 2007 was \$39.3 million compared to \$30.7 million in fiscal 2006.

-44-

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

### FISCAL 2007 COMPARED TO FISCAL 2006--Continued

#### Results of Operations by Segment

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The following two tables reconcile the operating profit by segment to the consolidated statements of operations for the twelve months ended October 28, 2007 and October 29, 2006:

<TABLE>

<CAPTION>

Twelve Months Ended October 28, 2007

	(Dollars in Millions)					
	Total	Staffing Services	Telecommunications Services	Computer Systems	Printing and Other	Corporate & Eliminations
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales	\$2,285.0	\$1,970.9	\$119.7	\$199.3	\$12.8	(\$17.7)
Direct costs	1,810.3	1,641.0	88.6	90.8	7.6	(17.7)
Overhead	297.9	221.2	23.8	52.9	-	-
Cost of sales	2,108.2	1,862.2	112.4	143.7	7.6	(17.7)
Selling & administrative	89.0	42.4	0.4	7.6	4.2	34.4
Depreciation	37.1	12.7	1.9	16.3	0.8	5.4
Operating profit (loss)	50.7	53.6	5.0	31.7	0.2	(39.8)
Interest income	6.2	-	-	-	-	6.2
Other expense, net	(7.1)	-	-	-	-	(7.1)
Foreign exchange	(0.4)	-	-	-	-	(0.4)
Interest expense	(3.6)	-	-	-	-	(3.6)
Income (loss) from continuing operations before minority interest and income taxes	\$45.8	\$53.6	\$5.0	\$31.7	\$0.2	(\$44.7)

</TABLE>

-45-

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

FISCAL 2007 COMPARED TO FISCAL 2006--Continued

Results of Operations by Segment

<TABLE>

<CAPTION>

Twelve Months Ended October 29, 2006

	(Dollars in Millions)					
	Total	Staffing Services	Telecommunications Services	Computer Systems	Printing and Other	Corporate & Eliminations
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net sales	\$2,270.2	\$1,972.2	\$118.9	\$187.9	\$11.2	(\$20.0)
Direct costs	1,829.3	1,656.8	93.6	90.7	8.2	(20.0)
Overhead	283.2	208.0	24.7	49.8	0.7	-
Cost of sales	2,112.5	1,864.8	118.3	140.5	8.9	(20.0)
Selling & administrative	83.4	36.6	0.3	5.7	3.7	37.1
Depreciation	33.7	12.0	1.5	13.3	0.7	6.2
Operating profit (loss)	40.6	58.8	(1.2)	28.4	(2.1)	(43.3)
Interest income	3.2	-	-	-	-	3.2
Other expense, net	(7.5)	-	-	-	-	(7.5)
Foreign exchange	(0.5)	-	-	-	-	(0.5)
Interest expense	(1.8)	-	-	-	-	(1.8)
Income (loss) from continuing operations before minority interest and income taxes	\$34.0	\$58.8	(\$1.2)	\$28.4	(\$2.1)	(\$49.9)

</TABLE>

Staffing Services

<TABLE>

<CAPTION>

(Dollars in Millions)	Year Ended					
	October 28, 2007		October 29, 2006			
	% of Net Dollars	Sales	% of Net Dollars	Favorable (Unfavorable) \$ Sales	Favorable (Unfavorable) Change	% Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Gross Staffing Sales	\$1,922.3		\$1,915.7		\$6.6	0.4%
Managed Service Sales (Gross)	\$1,212.9		\$1,109.3		\$103.6	9.3%
Net Sales *	\$1,970.9		\$1,972.2		(\$1.3)	(0.1%)
Direct Costs	\$1,641.0	83.3%	\$1,656.8	84.0%	\$15.8	1.0%
Gross Profit	\$329.9	16.7%	\$315.4	16.0%	\$14.5	4.6%
Overhead	\$221.2	11.2%	\$208.0	10.5%	(\$13.2)	(6.3%)
Selling & Administrative	\$42.4	2.2%	\$36.6	1.9%	(\$5.8)	(15.9%)
Depreciation & Amortization	\$12.7	0.6%	\$12.0	0.6%	(\$0.7)	(5.6%)
Segment Operating Profit	\$53.6	2.7%	\$58.8	3.0%	(\$5.2)	(8.8%)

</TABLE>

\* Net Sales includes the gross margin on managed service sales.

-46-

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

FISCAL 2007 COMPARED TO FISCAL 2006--Continued

Results of Operations by Segment-Continued

The decrease in net sales of the Staffing Services segment in fiscal 2007 from the prior year was comprised of a decrease of \$63.5 million, or 9%, in net A&I sales, substantially offset by an increase of \$62.2 million, or 5%, in net Technical sales. Foreign generated net sales for the current year increased by 28% from the prior year, and accounted for 6% of total Staffing Services net sales for the current year. On a constant currency basis, foreign sales increased by 20% from fiscal 2006.

The decrease in operating profit was due to the increase in overhead in dollars and as a percentage of sales, partially offset by the increase in gross margin percentage. The increased gross margin percentage was due to a 0.4 percentage point reduction in workers' compensation costs as a percentage of direct labor resulting from improvements in claims experience and the regulatory environment in several states, a 0.5 percentage point reduction in payroll taxes as a percentage of direct labor, and an increase in higher margin permanent placement and RPO business. In fiscal 2007, permanent placement and RPO sales represented 2% of the segment's net sales compared to 1% in the prior year. The increase in overhead percentage was due to a reduction of \$4.2 million in fiscal 2006 in general liability costs due to retrospective adjustments related to the division's positive claims experience, along with the slight sales decline and costs associated with the higher margin permanent placement and RPO sales in fiscal 2007. The segment is focused on reducing overhead costs to compensate for lower sales.

<TABLE>  
<CAPTION>

Technical Resources Division (Dollars in Millions)	Year Ended				Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	October 28, 2007	October 29, 2006	% of Net Dollars	% of Net Dollars		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Gross Sales	\$2,480.9	\$2,306.6			\$174.3	7.6%
Net Sales *	\$1,345.2	\$1,283.0			\$62.2	4.8%
Direct Costs	\$1,120.1	83.3%	\$1,073.2	83.6%	(\$46.9)	(4.4%)
Gross Profit	\$225.1	16.7%	\$209.8	16.4%	\$15.3	7.2%
Overhead	\$138.6	10.3%	\$126.8	9.9%	(\$11.8)	(9.2%)
Selling & Administrative	\$29.4	2.2%	\$24.4	1.9%	(\$5.0)	(20.5%)
Depreciation & Amortization	\$9.8	0.7%	\$9.1	0.7%	(\$0.7)	(7.9%)
Division Operating Profit	\$47.3	3.5%	\$49.5	3.9%	(\$2.2)	(4.5%)

</TABLE>

\* Net Sales includes the gross margin on managed service sales.

The Technical division's increase in gross sales in fiscal 2007 from the prior year included increases of approximately \$81 million of sales to new customers, or customers with substantial increased business, as well as \$113 million attributable to net increases in sales to continuing customers. This was partially offset by sales decreases of approximately \$20 million from customers whose business with the Company either ceased or was substantially lower than in fiscal 2006. The Technical division's increase in net sales in the current year as compared to the prior year was comprised of a \$58.7 million, or 5%, increase in traditional alternative staffing and a \$12.1 million, or 10%, increase in higher margin VMC Consulting project management and consulting sales, partially offset by a decrease of \$8.6 million, or 17%, in net managed service associate vendor sales.

-47-

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

FISCAL 2007 COMPARED TO FISCAL 2006--Continued

Results of Operations by Segment--Continued

Staffing Services--Continued

The decrease in the operating profit was the result of the increase in overhead in dollars and as a percentage of net sales, partially offset by the increases in net sales and gross margin. The increase in gross margin was due to the increase in the higher margin project sales of VMC Consulting, a combined 0.5 percentage reduction in payroll taxes and workers' compensation costs as a percentage of direct labor, together with an increase in higher margin permanent placement and RPO business. The increase in overhead percentage in fiscal 2007 was a result of a reduction of \$2.6 million in fiscal 2006 in general liability insurance costs due to retrospective adjustments related to the division's positive claims experience, the fiscal 2007 sales growth that was less than expected, along with the costs associated with the higher margin permanent placement and RPO sales in 2007.

<TABLE>

<CAPTION>

Administrative & Industrial Division (Dollars in Millions)	Year Ended					
	October 28, 2007		October 29, 2006		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	Dollars	% of Net Sales	Dollars	% of Net Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Gross Sales	\$654.3		\$718.4		(\$64.1)	(8.9%)
Net Sales *	\$625.7		\$689.2		(\$63.5)	(9.2%)
Direct Costs	\$520.9	83.3%	\$583.6	84.7%	\$62.7	10.6%
Gross Profit	\$104.8	16.7%	\$105.6	15.3%	(\$0.8)	(0.7%)
Overhead	\$82.6	13.2%	\$81.2	11.8%	(\$1.4)	(1.7%)
Selling & Administrative	\$13.0	2.1%	\$12.2	1.8%	(\$0.8)	(6.6%)
Depreciation & Amortization	\$2.9	0.4%	\$2.9	0.4%	-	-
Division Operating Profit	\$6.3	1.0%	\$9.3	1.3%	(\$3.0)	(32.3%)

</TABLE>

\* Net Sales includes the gross margin on managed service sales.

The A&I division's decrease in gross sales in fiscal 2007 from the prior year included a decline of approximately \$40 million of sales to customers which the Company either ceased or substantially reduced servicing in the current year, as well as \$45 million attributable to net decreases in sales to continuing customers. This was partially offset by growth of \$21 million from new customers, or customers whose business with the Company in the prior year was substantially below the current year's volume.

The decrease in operating profit was the result of the decrease in net sales and the increase in overhead in dollars and as a percentage of sales, partially offset by the increased gross margin percentage. The increase in gross margin percentage was primarily due to a 0.6 percentage point reduction in workers' compensation costs as a percentage of direct labor resulting from improvements in claims experience and the regulatory environment in several states, a 0.5 percentage point reduction in payroll taxes as a percentage of direct labor, together with an increase in higher margin permanent placement and RPO business. The increase in overhead percentage for the year was due to a reduction of \$1.6 million in general liability insurance costs in fiscal 2006 due to retrospective adjustments to the division's positive claims experience, the fiscal 2007 sales decrease without a corresponding reduction in overhead costs, along with increases in overhead costs related to increases in high-margin permanent placement and RPO sales. The division is focused on reducing overhead costs to compensate for lower sales. In fiscal 2007, the division closed twelve underperforming branches, and in the last nine months of the fiscal year, overhead staff levels have been reduced by 7%. In each of the third and fourth quarters, the overhead costs were lower than the comparable 2006 quarters and the second quarter of 2007.

-48-

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

FISCAL 2007 COMPARED TO FISCAL 2006--Continued

Results of Operations by Segment--Continued

-----  
Telecommunications Services  
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<TABLE>  
<CAPTION>

(Dollars in Millions)	Year Ended						
	October 28, 2007		October 29, 2006				
	% of Net Dollars	Sales	% of Net Dollars	Favorable (Unfavorable) \$ Sales	Favorable (Unfavorable) Change	% Change	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	
Net Sales	\$119.7		\$118.9	\$0.8	0.7%		
Direct Costs	\$88.6	74.0%	\$93.6	78.7%	\$5.0	5.3%	
Gross Profit	\$31.1	26.0%	\$25.3	21.3%	\$5.8	22.8%	
Overhead	\$23.8	19.9%	\$24.7	20.8%	\$0.9	3.8%	
Selling & Administrative		\$0.4	0.3%	\$0.3	0.3%	(\$0.1)	(17.2%)
Depreciation & Amortization		\$1.9	1.6%	\$1.5	1.2%	(\$0.4)	(35.7%)
Segment Operating Profit (Loss)		\$5.0	4.2%	(\$1.2)	(1.0%)	\$6.2	526.1%

</TABLE>

The Telecommunications Services segment's slight sales increase in fiscal 2007 from the prior year was comprised of an increase of \$4.4 million, or 6%, in the Construction and Engineering division, partially offset by a decrease of \$3.6 million, or 7%, in the non-construction divisions. The sales increase in the Construction and Engineering division in fiscal 2007 was due to a large on-going fiber optic contract which ramped up in the latter half of fiscal 2007, revenue recognized for a large utility project and a government construction project. The sales decrease in the non-construction divisions was primarily due to net reduced volumes with existing customers. The segment's sales backlog at the end of fiscal 2007 approximated \$84 million, as compared to a backlog of approximately \$56 million at the end of fiscal 2006.

The improvement in operating results was due to improved gross margins, the slight increase in sales, and a reduction in overhead costs in dollars and as a percentage of sales. The increased gross margin percentage was primarily due to the mix of jobs completed in the current year as compared to the prior year, specifically the higher margins recognized from the Construction and Engineering's new fiber optic, utility and government jobs. The improvement in margins was partially offset by an increase in workers' compensation costs of approximately 2.3 percentage points as a percentage of direct labor as compared to the prior year, even though the workers' compensation rates are still lower than historical levels within this segment. The results of the segment continue to be affected by the decline in capital spending by telephone companies caused by the consolidation within the segment's telecommunications industry wire-line customer base and an increasing shift by consumers to wireless communications and alternatives. This factor has also increased competition for available work, pressuring pricing and gross margins throughout the segment.

-49-

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

FISCAL 2007 COMPARED TO FISCAL 2006

Results of Operations by Segments--Continued

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Computer Systems  
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<TABLE>

<CAPTION>

(Dollars in Millions)	Year Ended					
	October 28, 2007		October 29, 2006			
	% of Net Dollars	Sales	% of Net Dollars	Favorable (Unfavorable) \$ Sales	Favorable (Unfavorable) Change	% Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net Sales	\$199.3		\$187.9	\$11.4		6.1%
Direct Costs	\$90.8	45.6%	\$90.7	48.3%	(\$0.1)	(0.1%)
Gross Profit	\$108.5	54.4%	\$97.2	51.7%	\$11.3	11.6%
Overhead	\$52.9	26.5%	\$49.8	26.5%	(\$3.1)	(6.3%)
Selling & Administrative		\$7.6 3.8%		\$5.7 3.0%		(\$1.9) (33.7%)
Depreciation & Amortization		\$16.3 8.2%		\$13.3 7.1%		(\$3.0) (22.5%)
Segment Operating Profit		\$31.7 15.9%		\$28.4 15.1%		\$3.3 11.4%

</TABLE>

The Computer Systems segment's sales increase in fiscal 2007 from the prior year was comprised of increases of \$8.7 million, or 12%, in projects and other revenue, \$3.1 million, or 6%, in the Maintech division's IT maintenance sales, partially offset by a decrease of \$0.4 million, or 1%, in the database access transaction fee revenue, including ASP directory assistance. The increase in project and other revenue for the year included \$2.4 million from the Varetis Solutions operation acquired in December 2005. In addition, increased project and other revenue was primarily derived from increased recognition in fiscal 2007 from two domestic customers totaling \$11.9 million, partially offset by two European projects recognized in the prior fiscal year totaling \$4.4 million. The revenue increase in Maintech included approximately \$2 million from new customers. The decrease in transaction fee revenue for the year was net of an increase of \$3.4 million related to the new LSSi Corp. ("LSSi") operation acquired by merger in September 2007. Although the number of non-LSSiDATA database transactions from new and existing customers increased by approximately 16% for the current year from the prior year, selected unit price decreases caused the non-LSSiDATA transaction revenue to decline.

The increase in operating profit from the prior year was due to the sales increase and the increase in gross margin percentage, partially offset by the increase in overhead in dollars. The increase in gross margins was due to the completion of more profitable projects in fiscal 2007, and the overhead increase was primarily due to increased indirect labor, outside consultant costs, as well as depreciation and amortization.

During the fourth quarter of fiscal 2007, Volt Delta Resources, LLC ("Volt Delta"), the principal business unit of the Computer Systems segment, acquired LSSi for \$71.6 million and combined it and its DataServ division into LSSiDATA. Sales and pre-tax income of LSSi approximated \$28.0 million and \$5.0 million, respectively, for the twelve months prior to the acquisition.

-50-

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

FISCAL 2007 COMPARED TO FISCAL 2006--Continued

Results of Operations by Segment--Continued

Computer Systems--Continued

During the first quarter of fiscal 2006, Volt Delta purchased from Nortel

Networks its 24% minority interest in Volt Delta for \$62.0 million. During the first fiscal quarter of 2006, Volt Delta also purchased Varetis Solutions GmbH from varetis AG for \$24.8 million. The acquisition provided Volt Delta with the resources to focus on the evolving global market for directory information systems and services. Varetis Solutions added technology in the area of wireless and wireline database management, directory assistance/inquiry automation, and wireless handset information delivery to Volt Delta's significant technology portfolio.

Printing and Other

<TABLE>  
<CAPTION>

	Twelve Months Ended					
	October 28, 2007		October 29, 2006			
(Dollars in Millions)	% of Net Dollars	Sales	% of Net Dollars	Favorable (Unfavorable) \$ Sales	Favorable (Unfavorable) Change	% Change
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net Sales	\$12.8		\$11.2	\$1.6	13.8 %	
Direct Costs	\$7.6	59.6%	\$ 8.2	73.2%	\$0.6	6.6 %
Gross Profit	\$5.2	40.4%	\$ 3.0	26.8%	\$2.2	68.3 %
Overhead	-	-	\$0.7	6.3%	\$0.7	100.0%
Selling & Administrative	\$4.2	32.8%	\$ 3.7	33.0%	(\$0.5)	(14.5%)
Depreciation & Amortization	\$0.8	6.0%	\$ 0.7	6.3%	(\$0.1)	(0.7%)
Segment Operating Profit (Loss)	\$0.2	1.6%	(\$2.1)	(18.8%)	\$2.3	109.9%

</TABLE>

The Printing and Other segment's sales increased by \$1.6 million from the comparable period in fiscal 2006. The sales increase was comprised of an increase \$3.4 million, or 185%, in telephone directory publishing sales, partially offset by a decrease of \$1.8 million, or 20%, in printing sales. The increase in publishing sales was due to the timing of the deliveries of the Uruguayan directories. The decrease in the printing sales was primarily related to the loss of a large customer, partially offset by new business.

The operating results improved by \$2.3 million as compared to the comparable period in fiscal 2006. The improvement was predominantly due to the increased gross margin percentage, partially offset by an increase in selling and administrative costs. The increase in gross margin percentage was due to the increase of the higher margin publishing sales and a decrease in the less profitable printing sales.

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

FISCAL 2007 COMPARED TO FISCAL 2006--Continued

Results of Operations by Segment--Continued

Discontinued Operations

<TABLE>  
<CAPTION>

Twelve Months Ended



(Dollars in Millions)	October 28, 2007		October 29, 2006		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	% of Net Dollars	Sales	% of Net Dollars	Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Net Sales	\$73.0		\$73.2		(\$0.2)	(0.3%)
Direct Costs	\$34.1	46.7%	\$33.6	45.9%	(\$0.5)	(1.5%)
Gross Profit	\$38.9	53.3%	\$39.6	54.1%	(\$0.7)	(1.8 %)
Overhead	\$7.3	10.0%	\$6.8	9.3%	(\$0.5)	(8.3%)
Selling & Administrative	\$13.5	18.6%	\$13.7	19.8%	\$0.2	1.6%
Depreciation & Amortization	\$1.2	1.6%	\$1.1	1.5%	(\$0.1)	(3.3%)
Other Income	(\$0.4)	(0.6%)	(\$0.4)	(0.6%)	-	-
Discontinued Segment Income	\$16.5	22.5%	\$17.6	22.9%	(\$1.1)	(6.4%)
Income Tax Provision	\$6.7		\$7.0		\$0.3	4.8%
Gain from Discontinued Operations	\$9.8		\$10.6		(\$0.8)	(7.4%)

</TABLE>

The components of the sales decrease for fiscal 2007 from the prior year were a decrease of \$0.3 million in the telephone production and other operation and an increase of \$0.1 million in DataNational community telephone directory publishing sales. The increase in production and other sales was due to increases with continuing customers. The publishing sales increase by DataNational was due to the timing of the deliveries of their directories and a net increase in the number of books published. DataNational published 145 directories in fiscal 2007, with 12 new directories published and 6 discontinued as compared to the prior year.

The decrease in the segment's operating profit from the comparable twelve months of fiscal 2006 was the result of the decrease in the gross margin percentage and the increase in overhead in dollars and as a percentage of sales.

#### General Corporate Expenses and Other Income (Expense)

<TABLE>  
<CAPTION>

(Dollars in Millions)	Year Ended		October 29, 2006		Favorable (Unfavorable) \$ Change	Favorable (Unfavorable) % Change
	% of Net Dollars	Sales	% of Net Dollars	Sales		
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Selling & Administrative	\$34.4	1.5%	\$37.1	1.6%	\$2.7	7.5%
Depreciation & Amortization	\$5.4	0.2%	\$6.2	0.3%	\$0.8	14.2%
Interest Income	\$6.2	0.3%	\$3.2	0.1%	\$3.0	96.4%
Other Expense	(\$7.1)	(0.3%)	(\$7.5)	(0.3%)	\$0.4	4.6%
Foreign Exchange Loss	(\$0.4)	-	(\$0.5)	-	\$0.1	16.6%
Interest Expense	(\$3.6)	(0.2%)	(\$1.8)	(0.1%)	(\$1.8)	(98.6%)

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

FISCAL 2007 COMPARED TO FISCAL 2006--Continued

General Corporate Expenses and Other Income (Expense)--Continued  
-----

The changes in other items affecting the results of operations for fiscal 2007 as compared to the prior year, discussed on a consolidated basis, were:

The decrease in selling and administrative expenses in fiscal 2007 from the prior year was the result of a one-time accrual of \$1.2 million in fiscal 2006 for death benefits related to two senior corporate executives, along with decreased professional fees and communications costs in fiscal 2007.

The decrease in depreciation and amortization in fiscal 2007 from the prior year was due to portions of the corporate enterprise resource planning system becoming fully amortized.

The increase in interest income was due to higher interest rates, as well as interest earned on premium deposits held by insurance companies.

The decrease in other expense was primarily due to a decrease in securitization fees due to a decrease in the amount of accounts receivable sold under the Company's Securitization Program.

Interest expense increased due to additional borrowings used to fund acquisitions.

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

Liquidity and Capital Resources  
-----

Cash and cash equivalents increased by \$80.6 million to \$120.9 million in fiscal 2008, increased by \$1.9 million to \$40.3 million in fiscal 2007 and decreased by \$23.5 million to \$38.4 million in fiscal 2006.

The cash used in operating activities in fiscal 2008 was \$69.2 million compared to cash provided by operating activities of continuing operations in fiscal 2007 and 2006 was \$38.2 million and \$69.3 million, respectively.

The cash provided by operating activities in fiscal 2008, exclusive of changes in operating assets and liabilities, was \$43.5 million, as the Company's net income of \$64.2 million included income from discontinued operations of \$98.5 million and a deferred tax benefit of \$12.3 million offset by non-cash charges primarily for depreciation and amortization of \$38.6 million, an impairment charge of \$46.4 million and accounts receivable provisions of \$4.6 million. The cash provided by operating activities in fiscal 2007, exclusive of changes in operating assets and liabilities, was \$59.3 million, as the Company's net income of \$39.3 million included non-cash charges primarily for depreciation and amortization of \$37.1 million and accounts receivable provisions of \$0.4 million, partially offset by income from discontinued operations of \$9.8 million and a deferred income tax benefit of \$7.7 million. The cash provided by operating activities in fiscal 2006, exclusive of changes in operating assets and liabilities, was \$53.4 million, as the Company's net income of \$30.7 million included non-cash charges primarily for depreciation and amortization of \$33.7 million, accounts receivable provisions of \$2.7 million and income attributable to the minority interest of \$1.0 million, partially offset by income from discontinued operations of \$10.6 million and a deferred income tax benefit of \$4.3 million.

Changes in operating assets and liabilities in fiscal 2008 used \$112.7 million

of cash, net, principally due to a reduction in the expiring securitization program of \$120.0 million, decreases in the level of accounts payable of \$21.4 million, accrued expenses of \$7.7 million and a decrease in income taxes payable of \$14.9 million partially offset by a decrease of \$25.3 million in inventory primarily in the Telecommunications Services segment, a decrease in the level of accounts receivable of \$20.4 million in the Staffing Services, Computer Systems and Telecommunications Services segments and decreases in prepaid insurance and other assets of \$5.6 million. Changes in operating assets and liabilities in fiscal 2007 used \$21.1 million of cash, net, principally due to increases in the level of inventory of \$32.2 million primarily in the Telecommunications Services segment, increases in the level of accounts receivable of \$28.1 million in the Staffing Services, Computer Systems and Telecommunications Services segments, and increases in prepaid insurance and other assets of \$6.3 million, partially offset by increases in the level in accounts payable of \$26.2 million in the Staffing Services and Telecommunications Services segments, proceeds from the Securitization Program of \$10.0 million, an increase in accrued expenses of \$2.6 million and an increase in the level of deferred income and other liabilities of \$4.9 million. Changes in operating assets and liabilities in fiscal 2006 provided \$15.9 million of cash, net, principally due to increases in the level in accounts payable of \$12.2 million, proceeds from the Securitization Program of \$10.0 million, decreases in the level of accounts receivable of \$5.4 million and inventory of \$4.2 million and an increase in income tax liability of \$2.5 million partially offset by increases in prepaid insurance and other assets of \$16.9 million and decreases in the level of deferred income and other liabilities of \$1.1 million.

Cash used in investing activities in fiscal 2008 was \$28.6 million, principally due to the net purchases of property, plant and equipment totaling \$27.1 million and acquisitions of \$1.1 million. Cash used in investing activities in fiscal 2007 was \$102.0 million, principally due to acquisitions, primarily LSSi, of \$71.2 million and purchases of property, plant and equipment totaling \$30.2 million. Cash used in investing activities in fiscal 2006 was \$104.4 million, principally due to acquisitions of \$83.5 million and net purchases of property, plant and equipment totaling \$20.7 million.

-54-

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

### Liquidity and Capital Resources-Continued

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The cash provided by financing activities in fiscal 2008 of \$4.2 million primarily resulted from \$50.0 million of borrowing under the amended securitization program offset by a \$26.6 million reduction in bank loans using the funds received from the sale of the net assets of the DataNational and Directory Services divisions and \$18.8 million used for the purchase of treasury shares. The cash provided by financing activities in fiscal 2007 of \$56.2 million, primarily resulted from a \$79.2 million increase in bank loans, the majority of which was used to finance the LSSi acquisition, partially offset by \$23.0 million used for the purchase of treasury shares. The cash provided by financing activities in fiscal 2006 of \$0.9 million, primarily resulted from employee exercises of stock options of \$5.3 million offset by \$2.4 million for repayment of long-term debt and a \$2.2 million decrease in bank loans.

The cash provided by discontinued operations in fiscal 2008 of \$178.3 million primarily resulted from \$171.3 million in net proceeds received from the sale of the net assets of the DataNational and Directory Services divisions and \$7.0 million provided by operating activities of the discontinued operations. In fiscal 2007 and 2006, cash provided by operating activities of discontinued operations were \$10.9 million and \$11.1 million, respectively.

### Off-Balance Sheet Arrangements

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

### Commitments

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The Company has no material capital commitments. The following table summarizes the Company's contractual cash obligations and other commercial commitments at November 2, 2008:

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)				
<S>	<C>	<C>	<C>	<C>	<C>
Term Loan	\$12,316	\$554	\$1,253	\$1,476	\$9,033
Note Payable from Acquisition	450	130	188	132	
Securitization Program	50,000	50,000			
Notes Payable to Banks	57,532	57,532			
Total Debt (a)	120,298	108,216	1,441	1,608	9,033
Accrued Insurance (b)	7,467	7,467			
Deferred Compensation (c)	4,901	4,901			
Operating Leases (d)	54,860	19,057	22,397	7,415	5,991
Total Contractual Cash Obligations	\$187,526	\$139,641	\$23,838	\$9,023	\$15,024

</TABLE>

- (a) Debt does not include interest.  
(b) Includes \$1.0 million for the Company's primary insurance casualty program and \$6.5 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.

-55-

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

Commitments--Continued

Other Contingent Commitments

<TABLE>  
<CAPTION>

	Amount Available or Outstanding by Commitment Expiration Period			
	Total	Less than 1 year	1-3 years	3-5 years
	(In thousands)			
<S>	<C>	<C>	<C>	<C>
Lines of Credit, available	\$2,770	\$2,770		
Revolving Credit Facility, available	33,706			\$33,706
Delta Credit Facility, available	58,273	58,273		
Securitization Program, available	150,000	150,000		
Other	6,009	\$6,009		
Standby Letters of Credit, outstanding	93	3	-	90
Total Commercial Commitments	\$250,851	\$211,046	\$6,009	\$33,796

</TABLE>

## Credit Lines

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At November 2, 2008, the Company had credit facilities with various banks and financial conduits which provided for borrowings and letters of credit of up to an aggregate of \$352.3 million, including the Company's \$200.0 million five-year accounts receivable Amended Securitization Program, \$42.0 million five-year unsecured revolving credit agreement ("Credit Agreement") and the Company's wholly owned subsidiary, Volt Delta Resources, LLC's ("Volt Delta") \$100.0 million secured, syndicated revolving credit agreement ("Delta Credit Facility"). The Company had total outstanding borrowings of \$107.5 million as of November 2, 2008. Included in these borrowings were \$22.5 million of foreign currency borrowings which provide economic hedges against foreign denominated net assets.

### Amended Securitization Program

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On June 3, 2008, the Company's \$200.0 million accounts receivable securitization program, which was due to expire within the next year, was transferred to a multi-buyer program administered by PNC Bank. The Amended Securitization Program has a five-year term (subject to 364 day liquidity). Under the Amended 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 consolidated special purpose subsidiary of the Company ("Volt Funding"). Volt Funding, in turn, borrows from two commercial paper conduits (Market Street Funding LLC, a PNC Bank affiliate, and Relationship Funding LLC), secured by an undivided percentage ownership interest in the pool of receivables Volt Funding acquires from the Company. The Company retains the servicing responsibility for the accounts receivable.

The Amended Securitization Program is not an off-balance sheet arrangement as Volt Funding is a 100% owned consolidated subsidiary of the Company. The receivables and related borrowings remain on the balance sheet since Volt Funding effectively retains control over the receivables, which are no longer treated as sold assets. Accordingly, pledged receivables are included as trade accounts receivable, net, while the corresponding borrowings are included as short-term borrowings on the condensed consolidated balance sheet. At November 2, 2008, Volt Funding had borrowed \$31.2 million and \$18.8 million from Market Street Funding and

-56-

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

### Credit Lines--Continued

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Relationship Funding, respectively. At November 2, 2008, borrowings bear a weighted-average interest rate of 3.4% per annum, excluding a facility fee of 0.25% per annum paid on the entire facility and a program fee of 0.35% paid on the outstanding borrowings.

The Amended Securitization Program is subject to termination by PNC Bank (with the consent of the majority purchasers) under certain circumstances, including, among other things, the default rate, as defined, on receivables exceeding a specified threshold, or the rate of collections on receivables failing to meet a specified threshold. At November 2, 2008, the Company was in compliance with all requirements of the Amended Securitization Program.

On January 7, 2009, the Amended Securitization Program was further amended to reduce the size of the facility from \$200.0 million to \$175.0 million and to extend the 364-day liquidity to January 6, 2010. The scheduled expiration of the Amended Securitization Program was not amended, and remains 2013.

### Credit Agreement

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On February 28, 2008, the Company entered into the Credit Agreement to replace the Company's then expiring \$40.0 million secured credit agreement with an

unsecured 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 and \$25.0 million for borrowing in alternative currencies. At November 2, 2008, \$8.3 million was drawn on this facility. The administrative agent for the Credit Facility is Bank of America, N.A. The other banks participating in the Credit Facility are JP Morgan Chase Bank, N.A. as syndicated agent, Wells Fargo Bank, N.A. and HSBC Bank USA, N.A.

Borrowings under the Credit Agreement 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. Based upon the Company's leverage ratio at November 2, 2008, 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 4.5% per annum, excluding a fee of 0.35% per annum paid on the entire facility.

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 year; a limitation on total funded debt to EBITDA of 3.0 to 1.0; and a requirement that the Company maintain a minimum ratio of EBITDA, as defined, to interest expense, as defined, of 4.0 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 level of annual capital expenditures, and the amount of investments, including business acquisitions and mergers, and loans that may be made by the Company to its subsidiaries. The Company was in compliance with all covenants at November 2, 2008.

-57-

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

### Credit Lines--Continued

#### Delta Credit Facility

In December 2006, Volt Delta entered into the secured Delta Credit Facility, which expires in December 2009, with Wells Fargo, N.A. as the administrative agent and arranger, and as a lender thereunder. Wells Fargo and two of the other three lenders under the Delta Credit Facility, Bank of America, N.A. and JPMorgan Chase, also participate in the Company's \$42.0 million unsecured revolving Credit Facility. Neither the Company nor Volt Delta guarantees each other's facility but certain subsidiaries of each are guarantors of their respective parent company's facility. The Delta Credit Facility allows for the issuance of revolving loans and letters of credit in the aggregate of \$100.0 million with a sublimit of \$10.0 million on the issuance of letters of credit. At November 2, 2008, \$41.7 million was drawn on this facility. Certain interest rate options, as well as the commitment fee, are based on a leverage ratio, as defined, which resets quarterly. Based upon Volt Delta's leverage ratio at November 2, 2008, 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 3.0% per annum. Volt Delta also pays a commitment fee on the unused portion of the Delta Credit Facility which varies based on Volt Delta's leverage ratio. At November 2, 2008, the commitment fee was 0.3% per annum.

The Delta Credit Facility provides for the maintenance of various financial ratios and covenants, including, among other things, a total debt to EBITDA ratio, as defined, which cannot exceed 2.0 to 1.0 on the last day of any fiscal quarter, a fixed charge coverage ratio, as defined, which cannot be less than 2.5 to 1.0 for the twelve months ended as of the last day of each fiscal quarter and the maintenance of a consolidated net worth, as defined. The Delta Credit Facility also imposes limitations on, among other things, incurrence of additional indebtedness or liens, the amount of investments including business acquisitions, creation of contingent obligations, sales of assets (including sale leaseback transactions) and annual capital expenditures. At November 2, 2008, Volt Delta was in compliance with all covenants in the Delta Credit Facility.

## Summary

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

## 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 different from what actually occurs. 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:

-58-

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

### Critical Accounting Policies--Continued

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. Revenue is generally recognized when persuasive evidence of an arrangement exists, we have delivered the product or performed the service, the fee is fixed and determinable and collectibility is probable. The determination of whether and when some of the criteria below have been satisfied sometimes involves assumptions and judgments that can have a significant impact on the timing and amount of revenue we report.

#### 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 2008, this revenue comprised approximately 76% of the Company's net consolidated sales.

Managed Services: Sales are generated by the Company's E-Procurement Solutions subsidiary, ProcureStaff, for which 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 prescribed 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 addition,

sales for certain contracts generated by the Company's Staffing Solutions Group's managed services operations have similar attributes. In fiscal 2008, this revenue comprised approximately 2% of the Company's net consolidated 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, in accordance with the American Institute of Certified Public Accountants ("AICPA") Statement of Position ("SOP") 81-1, "Accounting for Performance of Construction-Type Contracts." 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 2008, this revenue comprised approximately 6% of the Company's net consolidated sales.

-59-

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

### Critical Accounting Policies--Continued

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#### Telecommunications Services:

Construction: Sales are derived from the Company supplying 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 SOP 81-1, using the completed-contract method, to recognize revenue on a gross basis upon customer acceptance of the project or by the percentage-of-completion method, when applicable. When using the percentage-of-completion method, revenue is recognized based on the extent of progress towards completion of the contract. For those contracts in which the customers approve the progress of our work, the extent of progress towards completion is measured based on the ratio of revenue approved-to-date to the total estimated revenue at completion of the job. For those contracts in which the customers do not approve the progress of our work, the extent of progress towards completion is measured based on the ratio of direct labor incurred-to-date to the total estimated direct labor at completion of the contract. In fiscal 2008, this revenue comprised approximately 5% of the Company's net consolidated 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 2008, this revenue comprised approximately 2% of the Company's net consolidated 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 2008, this revenue comprised approximately 3% of the Company's net consolidated sales.

IT Maintenance: Sales are derived from the Company providing hardware maintenance services to the general business community, including customers who have systems provided by the Company, 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 applicable. In fiscal 2008, this revenue comprised approximately 2% of the Company's net consolidated 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 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 or by the use of the percentage-of-completion method, when applicable. In fiscal 2008, this revenue comprised approximately 3% of the Company's net consolidated sales.

-60-

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

### Critical Accounting Policies--Continued

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#### Printing and Other:

Printing: Sales are derived from the Company's sales of printing services in 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 printed documents have been delivered. In fiscal 2008, this revenue comprised less than 1% of the Company's net consolidated sales.

Other: Sales are derived from the Company's sales of telephone directory advertising for books it publishes as an independent publisher in 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 delivered. In fiscal 2008, this revenue comprised approximately 1% of the Company's net consolidated sales.

For those contracts accounted for under SOP 81-1, 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 Uncollectible Accounts - The establishment of an allowance requires the use of judgment and assumptions regarding potential losses on receivable balances. Allowances for accounts receivable are maintained based upon historical payment patterns, aging of accounts receivable and actual write-off history. The Company also makes judgments about the creditworthiness of significant customers based upon ongoing credit evaluations, and might assess current economic trends that might impact the level of credit losses in the future. However, since a reliable prediction of future changes in the financial stability of customers is not possible, the Company cannot guarantee that allowances will continue to be adequate. If actual credit losses are significantly higher or lower than the allowance established, it would require a related charge or credit to earnings.

Goodwill and Indefinite-Lived Intangible Assets - Under Statement of Financial Accounting Standards ("SFAS") No. 142, "Goodwill and Other Intangible Assets," goodwill and indefinite-lived intangible assets are subject to annual impairment testing using fair value methodologies, which compare the fair value of each reporting unit to its carrying value. The Company performs its annual impairment testing during its second fiscal quarter, or more frequently if indicators of impairment arise. The timing of the impairment test may result in charges to earnings in a quarter that could not have been reasonably foreseen in prior periods. The Company generally determines the fair value of a reporting unit using the income approach, which is based on the present value of estimated future cash flows, or the market approach, which compares the business unit's multiples of sales and EBITDA to those multiples of its competitors. If the carrying value of the reporting unit's net assets including goodwill exceeds the

fair value of the reporting unit, then the Company performs step two of the impairment test which allocates the fair value of the reporting unit's assets and liabilities in a manner similar to a purchase price allocation, with any residual fair value being allocated to goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment of goodwill has occurred for such amount and is reported as a component of operating income. If these estimates or their related assumptions used in the impairment test change in the future as a result of changes in strategy and/or market conditions, the Company may be required to record an impairment charge in the future.

-61-

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

### Critical Accounting Policies--Continued

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Based upon indicators of impairment in the fourth quarter of fiscal 2008, which included a significant decrease in market capitalization, a decline in recent operating results, and a decline in the Company's business outlook primarily due to the current macroeconomic environment, the Company performed an interim impairment test as of November 2, 2008 on each of its four segments. The Company completed step one of the impairment analysis and concluded that, as of November 2, 2008, the fair value of the Computer Systems and Staffing Services segments were below their respective carrying values including goodwill. Step two of the impairment test was initiated but, due to the time consuming nature, has not been completed. The Company recorded estimates of impairment in the amount of \$41.5 million and \$4.9 million, in the Computer Systems and Staffing Services segments, respectively as of November 2, 2008. The Company expects to complete the step two analyses in time for the first quarter Form 10-Q filing.

The Company considered the income, market and cost approaches in arriving at our indicators of value. The Company relied on the income and market approaches to arrive at its valuation conclusion. The cost approach was viewed as the floor for the value of the reporting units and was calculated based on the book value of working capital. The income approach was given greater weight than the market approach due to the lack of strongly comparable companies, the significant fluctuations in the financial markets and the lack of recently comparable transactions. The material assumptions used for the income approach were the forecasted revenue growth by reporting unit as well as the discount rate and long-term growth rate. The Company considered historical rates and current market conditions when determining the discount and growth rates used in its analyses. For the market approach the material assumptions were financial data for comparable companies, adjusted for differences in size, diversification and profitability. The Company also considered the control premium (which can be defined as the difference between fair value and market price) and other qualitative factors including its low float, concentrated ownership and limited analyst coverage.

Long-Lived Assets - Property, plant and equipment are recorded at cost, and depreciation and amortization are provided on the straight-line or accelerated methods at rates calculated to allocate the cost of the assets over their period of use. Intangible assets, other than goodwill and indefinite-lived intangible assets, 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 exceeds the estimated fair value of the asset or asset group.

The impairment loss is measured as the amount by which the carrying amount exceeds fair value.

-62-

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

### Critical Accounting Policies--Continued

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**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 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. The capitalization process involves judgment as to what types of projects and tasks are capitalizable. Although the Company believes the decisions made in the past concerning the accounting treatment of these software costs have been reasonable and appropriate, different decisions could materially impact financial results.

**Income Taxes - Estimates of Effective Tax Rates, Deferred Taxes and Valuation Allowance** - When the financial statements are prepared, the Company estimates its income taxes based on the various jurisdictions in which its business is conducted. Significant judgment is required in determining the Company's worldwide income tax provision. Liabilities for anticipated tax audit issues in the United States and other tax jurisdictions are based on estimates of whether, and the extent to which, additional taxes will be due. The recognition of these provisions for income taxes is recorded in the period in which it is determined that such taxes are due. If in a later period it is determined that payment of this additional amount is unnecessary, a reversal of the liability is recognized. As a result, the ongoing assessments of the probable outcomes of the audit issues and related tax positions require judgment and can materially increase or decrease the effective tax rate and materially affect the Company's operating results. This also requires the Company to estimate its current tax exposure and to assess temporary differences that result from differing treatments of certain items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are reflected on the balance sheet. The Company must then assess the likelihood that its deferred tax assets will be realized. To the extent it believes that realization is not likely, a valuation allowance is established. When a valuation allowance is increased or decreased, a corresponding tax expense or benefit is recorded in the statement of operations.

The deferred tax asset at November 2, 2008 was \$26.8 million, net of the valuation allowance of \$4.0 million. The valuation allowance was recorded to reflect uncertainties about whether the Company will be able to utilize some of its deferred tax assets (consisting primarily of foreign net operating loss carryforwards) before they expire. The valuation allowance is based on estimates of taxable income for the applicable jurisdictions and the period over which the deferred tax assets will be realizable.

Effective October 29, 2007, the Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. There was no material impact on the Company's consolidated financial position and results of operations as a result of the adoption of the provisions of FIN 48.

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

Critical Accounting Policies--Continued  
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Securitization Program - On June 3, 2008, the Company's \$200.0 million accounts receivable securitization program (the "Expiring Securitization Program") was transferred to a multi-buyer program administered by PNC Bank (the "Amended Securitization Program"). Prior to that date, under the Expiring Securitization Program, receivables were sold from time-to-time by the Company to Volt Funding, a wholly-owned consolidated special purpose subsidiary of the Company. Volt Funding, in turn, sold 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 acquired from the Company. The Company accounted for the securitization of accounts receivable in accordance with SFAS No. 156, "Accounting for Transfers and Servicing of Financial Assets, an amendment of SFAS No. 140." At the time a participation interest in the receivables was sold, the receivable representing that interest was removed from the condensed consolidated balance sheet (no debt was recorded) and the proceeds from the sale were reflected as cash provided by operating activities.

Under the Amended Securitization Program, the receivables and related borrowings remain on the balance sheet since Volt Funding effectively retains control over the receivables, which are no longer treated as sold assets. Accordingly, pledged receivables are included as trade accounts receivable, net, while the corresponding borrowings are included as short-term borrowings on the condensed consolidated balance sheet.

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. Adjustments to premiums are based upon the level of claims incurred at a future date up to three years after the end of the respective policy year. For each policy year, 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 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 services in the period in which such determination is made.

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

Critical Accounting Policies--Continued  
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Medical Insurance Program - The Company is 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 are held in a 501(c)9 employee welfare benefit trust. These amounts, other than the current provisions, 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 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 by the Company.

**Legal Contingencies** - The Company is subject to certain legal proceedings, as well as demands, claims and threatened litigation that arise in the normal course of the Company's business. A quarterly review is performed of each significant matter to assess any potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount can be reasonably estimated, a liability and an expense are recorded for the estimated loss. Significant judgment is required in both the determination of probability and the determination of whether an exposure is reasonably estimable. Any accruals are based on the best information available at the time. As additional information becomes available, a reassessment is performed of the potential liability related to any pending claims and litigation and may revise the Company's estimates. Potential legal liabilities and the revision of estimates of potential legal liabilities could have a material adverse impact on the Company's results of operations.

#### New Accounting Pronouncements to be Effective in Fiscal 2008

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In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within that fiscal year. The Company is currently evaluating the impact of adopting this statement.

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - including an amendment of FAS 115." This statement permits entities to choose to measure many financial instruments and certain other items at fair value. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, including interim periods within that fiscal year. The Company is currently evaluating the impact of adopting this statement.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations." This statement amends the requirements for an acquirer's recognition and measurement of the assets acquired and the liabilities assumed in a business combination. This statement is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2008 and should be applied prospectively for all business combinations entered into after the adoption date. The impact of adopting this statement is not material.

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

#### New Accounting Pronouncements to be Effective in Fiscal 2008--Continued

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In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB NO. 51." This statement establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2008. The Company is

currently evaluating the impact of adopting this statement.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133." This statement requires enhanced disclosures about an entity's derivative and hedging activities by explaining how and why derivatives are used by the entity, how they are accounted for under Statement 133, and how derivatives affect the entity's various financial statements. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early adoption encouraged.

In April 2008, the FASB issued FASB Staff Position ("FSP") No. 142-3, "Determination of the Useful Life of Intangible Assets." This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, "Goodwill and Other Intangible Assets." This statement is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. The Company is currently evaluating the impact of adopting this statement.

#### Related Party Transactions

-----  
During fiscal 2008, 2007 and 2006, the Company paid or accrued \$1.7 million, \$1.6 million and \$0.9 million, respectively, to the law firms of which Lloyd Frank, a director of the Company, is and was of counsel, for services rendered to the Company and expenses reimbursed. In addition, during fiscal 2008 the Company paid \$34,200 to Michael Shaw, Ph. D., a brother of Steven Shaw, the Chief Executive Officer and director, for services rendered to the Company.

In October 2006, the Company purchased 300,000 shares of common stock from the Estate of William Shaw, the former CEO, at a price of \$26.50 per share, for a total of \$7,950,000. The funds were transferred in November 2006. The shares were purchased at a price below the price at which the Company's common stock was then being traded on the New York Stock Exchange (the low trade for the day was \$26.63 and the high trade was \$27.23). The decision to make the purchase was made by the Board of Directors which delegated the negotiation of the price to senior management of the Company.

In fiscal 2006, the Company advanced \$162,400 directly to the attorneys for Mr. Thomas Daley, an executive officer of the Company. In 2006, the Company also paid \$336,100 for legal fees of the independent counsel to the Audit Committee of the Board of Directors of the Company.

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 for amounts less than specified in Item 404 of Regulation S-K. The Company believes that it has always employed, and will continue to employ, those individuals on the same terms that it employs unrelated individuals.

-66-

#### 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. At November 2, 2008, the Company had cash and cash equivalents on which interest income is earned at variable rates. At November 2, 2008, the Company also had credit lines with various domestic and foreign banks, which provide for borrowings and letters of credit, as well as a \$200 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 by \$0.6 million, 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 \$13.2 million at November 2, 2008. 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 November 2, 2008, 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 November 2, 2008, the total of the Company's net investment in foreign operations was \$10.2 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 November 2, 2008, the Company had no outstanding exchange contracts. 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 November 2, 2008 by 10% would result in a pretax gain of \$1.0 million related to these positions. Similarly, a hypothetical strengthening of the U.S. dollar against these currencies at November 2, 2008 by 10% would result in a pretax loss of \$1.0 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 November 2, 2008. For cash and debt obligations, the table presents principal cash flows and related weighted average interest rates by expected maturity dates. The information is presented in U.S. dollar equivalents, which is the Company's reporting currency.

-67-

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK--Continued

<TABLE>

<CAPTION>

Interest Rate Market Risk

Payments Due By Period as of November 2, 2008

	Total	Less than 1 Year	1-3 Years	3-5 Years	After 5 Years
	(Dollars in thousands of US\$)				
<S>	<C>	<C>	<C>	<C>	<C>
Cash and Cash Equivalents and Restricted Cash					
Money Market and Cash Accounts		\$169,510	\$169,510		
Weighted Average Interest Rate		2.39%	2.39%		
Total Cash, Cash Equivalents, and Restricted Cash	\$169,510	\$169,510			
Debt					
Term Loan	\$ 12,316	\$ 554	\$ 1,253	\$ 1,476	\$ 9,033
Interest Rate	8.2%	8.2%	8.2%	8.2%	8.2%
Note Payable	450	130	188	132	
Interest Rate	5.0%	5.0%	5.0%	5.0%	
Total Long Term Debt	\$ 12,766	\$ 684	\$ 1,441	\$ 1,608	\$ 9,033

Short-term Borrowings	\$107,532	\$107,532			
Weighted Average Interest Rate	4.89%	4.89%			
Total Debt	\$120,298	\$108,216	\$1,441	\$1,608	\$9,033

</TABLE>

-68-

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

ERNST & YOUNG LLP  
5 Times Square  
New York, New York 10036

Report of Independent Registered Public Accounting Firm

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

We have audited the accompanying consolidated balance sheets of Volt Information Sciences, Inc. and subsidiaries as of November 2, 2008 and October 28, 2007, and the related consolidated statements of operations, stockholders' equity, and cash flows for each of the three years in the period ended November 2, 2008. 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 November 2, 2008 and October 28, 2007, and the consolidated results of their operations and their cash flows for each of the three years in the period ended November 2, 2008 in conformity with U.S. generally accepted accounting principles.

As discussed in Note A to the consolidated financial statements, the Company adopted FASB Interpretation No. 48 "Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement 109" effective October 29, 2007.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Volt Information Sciences, Inc. and subsidiaries' internal control over financial reporting as of November 2, 2008 based on criteria established in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated February 2, 2009 expressed an adverse opinion thereon.

/s/ ERNST & YOUNG

New York, New York  
February 2, 2009

-69-

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS

<TABLE>



<CAPTION>

	November 2, 2008	October 28, 2007		
	-----	-----		
<S>	<C>	<C>		
ASSETS	(Dollars in thousands)			
<b>CURRENT ASSETS</b>				
Cash and cash equivalents		\$120,929	\$40,343	
Restricted cash	48,581	25,482		
Short-term investments	4,178	5,624		
Trade accounts receivable, net of allowances of \$5,328 (2008) and \$3,749 (2007)			488,482	392,970
Inventories, net of allowances of \$4,145 (2008) and \$4,230 (2007)			29,025	54,414
Assets held for sale	-	35,263		
Deferred income taxes	9,685	9,629		
Prepaid insurance and other assets		36,684	37,205	
	-----	-----		
<b>TOTAL CURRENT ASSETS</b>		<b>737,564</b>	<b>600,930</b>	
Property, plant and equipment, net		68,173	72,250	
Prepaid insurance and other assets		1,276	6,604	
Deferred income taxes		17,081	8,125	
Goodwill	57,481	98,715		
Other intangible assets, net		44,204	53,527	
	-----	-----		
<b>TOTAL ASSETS</b>		<b>\$925,779</b>	<b>\$840,151</b>	
	=====	=====		
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings, including current portion of long-term debt		\$108,216	\$84,621	
Accounts payable	215,265	212,355		
Liabilities related to assets held for sale	-	20,769		
Accrued wages and commissions	50,918	62,777		
Accrued taxes other than income taxes	22,227	22,276		
Accrued insurance and other accruals	33,327	32,582		
Deferred income and other liabilities	14,183	17,029		
Income taxes payable	55,569	4,822		
	-----	-----		
<b>TOTAL CURRENT LIABILITIES</b>		<b>499,705</b>	<b>457,231</b>	
Long-term debt, excluding current portion		12,082	12,316	
Deferred income	3,360	-		
Income taxes payable	937	-		
Deferred income taxes	14,551	18,025		
Minority interest	2,010	43		
<b>STOCKHOLDERS' EQUITY</b>				
Preferred stock, par value \$1.00; Authorized--500,000 shares; issued--none				
Common stock, par value \$.10; Authorized 120,000,000 shares; issued --23,498,103 shares (2008) and 23,480,103 shares (2007)			2,350	2,348
Paid-in capital	51,006	50,740		
Retained earnings	381,832	319,688		
Accumulated other comprehensive (loss) income		(400)	2,660	
	-----	-----		
	434,788	375,436		
Less treasury stock--2,655,297 shares (2008) and 1,048,966 shares (2007), at cost			(41,654)	(22,900)
	-----	-----		
<b>TOTAL STOCKHOLDERS' EQUITY</b>		<b>393,134</b>	<b>352,536</b>	
	-----	-----		
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>		<b>\$925,779</b>	<b>\$840,151</b>	
	=====	=====		

</TABLE>

See Notes to Consolidated Financial Statements

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

<TABLE>  
<CAPTION>

	Year Ended			
	November 2, 2008	October 28, 2007	October 29, 2006	
	-----			
	(In thousands, except per share data)			
	<C>	<C>	<C>	
NET SALES	\$ 2,427,318	\$ 2,285,061	\$ 2,270,232	
COSTS AND EXPENSES:				
Cost of sales	2,290,183	2,108,261	2,112,442	
Impairment and restructuring costs	47,904	--	--	
Selling and administrative	91,243	89,045	83,434	
Depreciation and amortization	38,636	37,067	33,730	
	-----	-----	-----	
	2,467,966	2,234,373	2,229,606	
	-----	-----	-----	
OPERATING (LOSS) PROFIT		(40,648)	50,688	40,626
OTHER INCOME (EXPENSE):				
Interest income	4,842	6,256	3,185	
Other expense, net	(3,994)	(7,146)	(7,489)	
Foreign exchange gain (loss), net	1,155	(421)	(505)	
Interest expense	(7,624)	(3,612)	(1,819)	
	-----	-----	-----	
(Loss) income from continuing operations before minority interest and income taxes	(46,269)	45,765	33,998	
Minority interest	102	6	(1,021)	
	-----	-----	-----	
(Loss) income from continuing operations before income taxes		(46,167)	45,771	32,977
Income tax benefit (provision)	11,896	(16,229)	(12,903)	
	-----	-----	-----	
(Loss) income from continuing operations		(34,271)	29,542	20,074
Discontinued operations, net of taxes	98,485	9,790	10,576	
	-----	-----	-----	
NET INCOME	\$ 64,214	\$ 39,332	\$ 30,650	
	=====	=====	=====	
	Per Share Data			
	-----			
Basic:				
(Loss) income from continuing operations		(\$1.56)	\$1.29	\$0.86
Discontinued operations	4.48	0.42	0.46	
	-----	-----	-----	
Net income per share	\$2.92	\$1.71	\$1.32	
	=====	=====	=====	
Diluted:				
(Loss) income from continuing operations below		(\$1.56)	\$1.29	\$0.86
Discontinued operations	4.48	0.42	0.45	
	-----	-----	-----	
Net income per share	\$2.92	\$1.71	\$1.31	
	=====	=====	=====	
Weighted average number of shares outstanding-basic		21,982	22,935	23,227
	=====	=====	=====	
Weighted average number of shares outstanding-diluted		21,982	22,985	23,388
	=====	=====	=====	

</TABLE>

See Notes to Consolidated Financial Statements.

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

<TABLE>  
<CAPTION>

	Common Stock \$.10 Par Value		Accumulated Other Comprehensive Income (Loss)						Comprehensive Income (Loss)
	Shares	Amount	Paid-In Capital	Retained Earnings	Treasury Stock	Foreign Currency Translation Adjustment	Unrealized Gain (Loss) On Marketable Securities		
(Dollars in thousands)									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
Balance at October 30, 2005	23,008,882	\$2,301	\$42,912	\$249,754	-	(\$28)	\$61		
Stock options exercised - including a tax benefit of \$1,912	448,092	45	7,217						
Compensation expense - stock options		74							
Purchase of common stock for treasury			(\$7,950)						
Unrealized foreign currency translation adjustment - net of taxes of \$94				220		\$220			
Unrealized loss on marketable securities - net of taxes of \$6						(8)	(8)		
Net income for the year			30,650				30,650		
Balance at October 29, 2006	23,456,974	2,346	50,203	280,404	(7,950)	192	53	\$30,862	
Stock options exercised - including a tax benefit of \$230	23,625	2	572						
Compensation expense - stock options		47							
Purchase of common stock for treasury			(15,029)						
Cash paid in lieu of fractional shares	(496)	(18)		79					
Issuance of restricted stock			(79)	15					
Amortization of restricted stock									
Unrealized foreign currency translation adjustment - net of taxes of \$1,020				2,379		\$2,379			
Unrealized gain on marketable securities - net of taxes of \$25						36	36		
Change in fair value of minority interest			(48)			(48)			
Net income for the year			39,332				39,332		
Balance at October 28, 2007	23,480,103	2,348	50,740	319,688	(22,900)	2,571	89	\$41,699	
Stock options exercised - including a tax benefit of \$51	18,000	2	215						
Compensation expense - stock options		24							
Purchase of common stock for treasury			(18,754)						
Amortization of restricted stock			27						
Unrealized foreign currency translation adjustment - net of taxes of \$1,263				(2,948)		(\$2,948)			
Unrealized loss on marketable securities - net of taxes of \$76						(112)	(112)		

Change in fair value of minority interest		(2,070)		(2,070)				
Net income for the year		64,214		64,214				
Balance at November 2, 2008	23,498,103	\$2,350	\$51,006	\$381,832	(\$41,654)	(\$377)	(\$23)	\$59,084

</TABLE>

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

See Notes to Consolidated Financial Statements.

-72-

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

<TABLE>  
<CAPTION>

	Year Ended		
	November 2, 2008	October 28, 2007	October 29, 2006
	(In thousands)		
	<C>	<C>	<C>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>			
Net income	\$ 64,214	\$ 39,332	\$ 30,650
Discontinued operations, net of taxes		(98,485)	(9,790)
Net (loss) income continuing operations		(34,271)	29,542
			20,074
Adjustments to reconcile net income to cash provided by operating activities			
Depreciation and amortization	38,636	37,067	33,730
Impairment of goodwill	46,400	--	--
Accounts receivable provisions	4,634	393	2,671
Minority interest	(102)	(6)	1,021
(Gain) loss on foreign currency translation		(329)	76
Impairment charge - property, plant and equipment		809	--
Loss on dispositions of property, plant and equipment		53	25
Deferred income tax benefit	(12,320)	(7,718)	(4,345)
Share-based compensation expense related to employee stock options			51
Excess tax benefits from share-based compensation		(12)	(110)
Changes in operating assets and liabilities, net of assets acquired:			
Accounts receivable	20,435	(28,109)	5,401
(Reduction) increase in securitization of accounts receivable		(120,000)	10,000
Inventories	25,290	(32,222)	4,233
Prepaid insurance and other current assets		5,568	(6,252)
Insurance and other long-term assets		118	65
Accounts payable	(21,416)	26,222	12,239
Accrued expenses	(7,703)	2,646	(344)
Deferred income and other liabilities		(98)	4,911
Income taxes	(14,934)	1,605	2,451
<b>NET CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES</b>			(69,191)
			38,197
			69,346
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>			
Sales of investments	1,661	6,357	1,296
Purchases of investments	(2,026)	(6,931)	(1,491)
(Increase) decrease in restricted cash	(23,099)	5,231	(4,582)
Increase (decrease) in payables related to restricted cash		23,099	(5,231)
Acquisitions, net	(1,074)	(71,176)	(83,503)
Proceeds from disposals of property, plant and equipment, net		(315)	355
Purchases of property, plant and equipment		(26,804)	(30,579)
<b>NET CASH (USED IN) PROVIDED BY INVESTING ACTIVITIES</b>			(28,558)
			(101,974)
			(104,440)

</TABLE>

-73-

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

<TABLE>  
<CAPTION>

	Year Ended				
	November 2, 2008	October 28, 2007	October 29, 2006		
	-----	-----	-----		
	(In thousands)				
<S>	<C>	<C>	<C>		
CASH (USED IN) PROVIDED BY FINANCING ACTIVITIES					
Payment of long-term debt		(586)	(471)	(2,433)	
Cash paid in lieu of fractional shares		--	(18)	--	
Exercises of stock options		166	344	5,335	
Excess tax benefits from share-based compensation			12	110	194
Purchase of treasury shares		(18,754)	(22,979)	--	
Payment of short term borrowings		(194,859)	(271,289)	(71,969)	
Proceeds from short term borrowings		218,267	350,457	69,813	
	-----	-----	-----		
NET CASH PROVIDED BY FINANCING ACTIVITIES			4,246	56,154	940
	-----	-----	-----		
Effect of exchange rate changes on cash		(4,253)	(284)	(214)	
	-----	-----	-----		
CASH FLOWS FROM DISCONTINUED OPERATIONS					
Operating activities from discontinued operations		7,044	10,878	11,136	
Investing activities from discontinued operations		171,298	(1,054)	(274)	
	-----	-----	-----		
CASH PROVIDED BY DISCONTINUED OPERATIONS			178,342	9,824	10,862
	-----	-----	-----		
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS FROM CONTINUING OPERATIONS					
		80,586	1,917	(23,506)	
Cash and cash equivalents, beginning of year		40,343	38,399	61,873	
(Increase) decrease in discontinued operations cash					
	--	27	32		
	-----	-----	-----		
CASH AND CASH EQUIVALENTS, END OF YEAR			\$ 120,929	\$ 40,343	\$ 38,399
	=====	=====	=====		

SUPPLEMENTAL INFORMATION

Cash paid during the year:

Interest expense	\$ 8,019	\$ 3,278	\$ 1,788
Income taxes	\$ 17,573	\$ 29,566	\$ 22,090

Non-cash financing activities:

Tendered common stock for stock option exercises			\$ 1,216
--	--	--	----------

</TABLE>

See Notes to Consolidated Financial Statements.

-74-

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; Computer Systems; Telecommunications Services and Printing and Other.

Fiscal Year: The Company's fiscal year ends on the Sunday nearest October 31. The 2006 through 2007 fiscal years each consisted of 52 weeks and the 2008 fiscal year consisted of 53 weeks.

Consolidation: The consolidated financial statements include the accounts of the Company and its subsidiaries. All significant intercompany transactions have been eliminated upon consolidation.

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: Effective October 31, 2005, the Company adopted the fair-value recognition provisions of Financial Accounting Standards Board ("FASB") Statement of Financial Accounting Standards ("SFAS") No. 123R "Share Based Payment," and the Securities and Exchange Commission Staff Accounting Bulletin No. 107 using the modified-prospective transition method; therefore, prior periods have not been restated. Compensation cost recognized for the three years ended November 2, 2008 includes compensation cost for all share-based payments granted prior to, but not yet vested as of, October 31, 2005, based on the grant date fair value estimated in accordance with the original provisions of SFAS No. 123.

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 segment. Revenue is generally recognized when persuasive evidence of an arrangement exists, we have delivered the product or performed the service, the fee is fixed and determinable and collectability is probable. The determination of whether and when some of the criteria below have been satisfied sometimes involves assumptions and judgments that can have a significant impact on the timing and amount of revenue we report.

#### 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 2008, this revenue comprised approximately 76% of the Company's net consolidated sales.

-75-

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

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

##### Revenue Recognition:--Continued

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Managed Services: Sales are generated by the Company's E-Procurement Solutions subsidiary, ProcureStaff, for which 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 prescribed 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 addition, sales for certain contracts generated by the Company's Staffing Solutions Group's managed services operations have similar attributes. In fiscal 2008, this revenue comprised approximately 2% of the Company's net consolidated 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, in accordance with the American Institute of Certified Public Accountants ("AICPA") Statement of Position ("SOP") 81-1, "Accounting for Performance of Construction-Type Contracts." 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 2008, this revenue comprised approximately 6% of the Company's net consolidated sales.

#### Telecommunications Services:

**Construction:** Sales are derived from the Company supplying 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 SOP 81-1, using the completed-contract method, to recognize revenue on a gross basis upon customer acceptance of the project or by the percentage-of-completion method, when applicable. When using the percentage-of-completion method, revenue is recognized based on the extent of progress towards completion of the contract. For those contracts in which the customers approve the progress of work, the extent of progress towards completion is measured based on the ratio of revenue approved-to-date to the total estimated revenue at completion of the job. For those contracts in which the customers do not approve the progress of the work, the extent of progress towards completion is measured based on the ratio of direct labor incurred-to-date to the total estimated direct labor at completion of the contract. In fiscal 2008, this revenue comprised approximately 5% of the Company's net consolidated 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 2008, this revenue comprised approximately 2% of the Company's net consolidated sales.

-76-

## 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 2008, this revenue comprised approximately 3% of the Company's net consolidated sales.

**IT Maintenance:** Sales are derived from the Company providing hardware

maintenance services to the general business community, including customers who have our 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 applicable. In fiscal 2008, this revenue comprised approximately 2% of the Company's net consolidated 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 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 or by the use of the percentage-of-completion method, when applicable. In fiscal 2008, this revenue comprised approximately 3% of the Company's net consolidated sales.

#### Printing and Other:

Printing: Sales are derived from the Company's sales of printing services in 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 printed documents have been delivered. In fiscal 2008, this revenue comprised less than 1% of the Company's net consolidated sales.

Other: Sales are derived from the Company's sales of telephone directory advertising for books it publishes as an independent publisher in 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 delivered. In fiscal 2008, this revenue comprised approximately 1% of the Company's net consolidated sales.

For those contracts accounted for under SOP 81-1, 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.

-77-

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

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

Cash Equivalents: Cash equivalents consist of investments in short-term, highly liquid securities having an original 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.

Goodwill and Indefinite-Lived Intangible Assets: Under SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill and indefinite-lived intangible assets are subject to annual impairment testing using fair value methodologies, which compare the fair value of each reporting unit to its carrying value. The Company performs its annual impairment testing during its second fiscal quarter, or more





Software	87,375	79,854	
	-----	-----	
	287,559	271,984	
Less allowances for depreciation and amortization		(219,386)	(199,734)
	-----	-----	
	\$ 68,173	\$ 72,250	
	=====	=====	

A term loan is secured by a deed of trust on land and buildings with a carrying amount at November 2, 2008 of \$9.7 million. Unamortized capitalized software costs were \$15.5 million and \$13.9 million at November 2, 2008 and October 28, 2008, respectively.

Primary Casualty Insurance Program: The Company is insured with a highly rated insurance company 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 each policy year, 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

-79-

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

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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 November 2, 2008, the Company's net prepaid for the outstanding policy years was \$23.1 million compared to \$26.0 million at October 28, 2007.

Medical Insurance Program: The Company is 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 are held in a 501(c)9 employee welfare benefit trust. These amounts, other than the current provisions, 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 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 by the Company.

**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 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. The capitalization process involves judgment as to what types of projects and tasks are capitalizable.

**Securitization Program:** On June 3, 2008, the Company's \$200.0 million accounts receivable securitization program (the "Expiring Securitization Program") was transferred to a multi-buyer program administered by PNC Bank. Prior to that date, under the Expiring Securitization Program, receivables were 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, sold 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 acquired from the Company. The Company accounted for the securitization of accounts receivable in accordance with SFAS No. 156, "Accounting for Transfers and Servicing of Financial Assets, an amendment of SFAS No. 140" ("SFAS 156").

-80-

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

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

Under the amended program, the receivables and related borrowings remain on the balance sheet since Volt Funding effectively retains control over the receivables, which are no longer treated as sold assets. These amounts recorded approximate fair value. Accordingly, pledged receivables of \$50.0 million are included as trade accounts receivable, net, while the corresponding borrowings are included as short-term borrowings on the condensed consolidated balance sheet. At November 2, 2008, Volt Funding had borrowed \$31.2 million and \$18.8 million from Market Street Funding and Relationship Funding, respectively.

Under the Expiring Securitization Program, at the time a participation interest in the receivables was sold, the receivable representing that interest was removed from the condensed consolidated balance sheet (no debt was recorded) and the proceeds from the sale were reflected as cash provided by operating activities. The outstanding balance of the undivided interest sold to TRFCO was \$120.0 million at October 28, 2007.

**Income Taxes: Estimates of Effective Tax Rates, Deferred Taxes and Valuation Allowance -** When the financial statements are prepared, the Company estimates its income taxes based on the various jurisdictions in which its business is conducted. Significant judgment is required in determining the Company's worldwide income tax provision. Liabilities for anticipated tax audit issues in the United States and other tax jurisdictions are based on estimates of whether, and the extent to which, additional taxes will be due. The recognition of these provisions for income taxes is recorded in the period in which it is determined that such taxes are due. If in a later period it is determined that payment of this additional amount is unnecessary, a reversal of the liability is recognized. As a result, the ongoing assessments of the probable outcomes of the audit issues and related tax positions require judgment and can materially increase or decrease the effective tax rate and materially affect the Company's operating results. This also requires the Company to estimate its current tax exposure and to assess temporary differences that result from differing treatments of certain items for tax and accounting purposes. These differences result in deferred tax assets and liabilities, which are reflected on the balance sheet. The Company must then assess the likelihood that its deferred tax assets will be realized. To the extent it believes that realization is not

likely, a valuation allowance is established. When a valuation allowance is increased or decreased, a corresponding tax expense or benefit is recorded in the statement of operations.

Effective October 29, 2007, the Company adopted the provisions of FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes - an interpretation of FASB Statement No. 109" ("FIN 48"). FIN 48 prescribes a recognition threshold and a measurement attribute for the financial statement recognition and measurement of tax positions taken or expected to be taken in a tax return. For those benefits to be recognized, a tax position must be more-likely-than-not to be sustained upon examination by taxing authorities. There was no material impact on the Company's consolidated financial position and results of operations as a result of the adoption of the provisions of FIN 48.

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 a foreign currency transaction is denominated in a currency other than the functional currency of the recording entity, adjustments to the functional currency 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 foreign subsidiaries whose functional currency is not the U.S. dollar.

-81-

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

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

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 year.

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.

Stock Split: On December 19, 2006, the Company's Board of Directors authorized and approved a three-for-two stock split in the form of a dividend on the Company's common stock. Shares of common stock were distributed on January 26, 2007, to all stockholders of record as of January 15, 2007. Any fractional shares resulting from the dividend were paid in cash. Information pertaining to shares, earnings per share, common stock and paid-in capital has been adjusted in the accompanying financial statements and footnotes to give retroactive effect to the stock split.

Treasury Stock: In fiscal 2006, the Company began holding repurchased shares of its common stock as treasury stock. The Company accounts for treasury stock under the cost method and includes treasury stock as a component of stockholders' equity. During fiscal 2008, the Company repurchased 1.6 million shares of its common stock in the open market as treasury stock at a cost of \$18.8 million.

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.

Legal Contingencies: The Company is subject to certain legal proceedings, as well as demands, claims and threatened litigation that arise in the normal course of the Company's business. A quarterly review is performed of each significant matter to assess any potential financial exposure. If the potential loss from any claim or legal proceeding is considered probable and the amount

can be reasonably estimated, a liability and an expense are recorded for the estimated loss. Significant judgment is required in both the determination of probability and the determination of whether an exposure is reasonably estimable. Any accruals are based on the best information available at the time. As additional information becomes available, a reassessment is performed of the potential liability related to any pending claims and litigation and may revise the Company's estimates. Potential legal liabilities and the revision of estimates of potential legal liabilities could have a material adverse impact on the Company's results of operations. As of November 2, 2008, the Company had accrued costs related to a number of purported class actions brought by current and former employees working in California alleging various violations of California law.

#### New Accounting Pronouncements:

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements." This statement defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. The statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within that fiscal year. The Company is currently evaluating the impact of adopting this statement.

-82-

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

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

In February 2007, the FASB issued SFAS No. 159, "The Fair Value Option for Financial Assets and Financial Liabilities - including an amendment of FAS 115." This statement permits entities to choose to measure many financial instruments and certain other items at fair value. This statement is effective for financial statements issued for fiscal years beginning after November 15, 2007, including interim periods within that fiscal year. The Company is currently evaluating the impact of adopting this statement.

In December 2007, the FASB issued SFAS No. 141 (revised 2007), "Business Combinations." This statement amends the requirements for an acquirer's recognition and measurement of the assets acquired and the liabilities assumed in a business combination. This statement is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2008 and should be applied prospectively for all business combinations entered into after the adoption date. The impact of adopting this statement is not material.

In December 2007, the FASB issued SFAS No. 160, "Noncontrolling Interests in Consolidated Financial Statements - an amendment of ARB NO. 51." This statement establishes accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This statement is effective for financial statements issued for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2008. The Company is currently evaluating the impact of adopting this statement.

In March 2008, the FASB issued SFAS No. 161, "Disclosures about Derivative Instruments and Hedging Activities - an amendment of FASB Statement No. 133." This statement requires enhanced disclosures about an entity's derivative and hedging activities by explaining how and why derivatives are used by the entity, how they are accounted for under Statement 133, and how derivatives affect the entity's various financial statements. This statement is effective for financial statements issued for fiscal years and interim periods beginning after November 15, 2008, with early adoption encouraged.

In April 2008, the FASB issued FASB Staff Position ("FSP") No. 142-3, "Determination of the Useful Life of Intangible Assets." This FSP amends the factors that should be considered in developing renewal or extension assumptions used to determine the useful life of a recognized intangible asset under SFAS No. 142, "Goodwill and Other Intangible Assets." This statement is effective for financial statements issued for fiscal years beginning after December 15, 2008, and interim periods within those fiscal years. Early adoption is prohibited. The Company is currently evaluating the impact of adopting this statement.

## NOTE B--Securitization Program

On June 3, 2008, the Company's \$200.0 million accounts receivable securitization program, which was due to expire within the next year, was transferred to a multi-buyer program administered by PNC Bank (see Note E). Prior to that date, under the Expiring Securitization Program, receivables related to the United States operations of the staffing solutions business of the Company and its subsidiaries were sold from time-to-time by the Company to Volt Funding, a wholly-owned special purpose subsidiary of the Company. Volt Funding, in turn, sold to 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 acquired from the Company (subject to a maximum purchase by TRFCO in the aggregate of \$200.0 million). The Company retained the servicing responsibility for the accounts receivable. The Expiring Securitization Program was not an off-balance

-83-

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

### NOTE B--Securitization Program--Continued

sheet arrangement as Volt Funding is a 100% owned consolidated subsidiary of the Company. Accounts receivable were 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 Expiring Securitization Program was designed to enable receivables sold by the Company to Volt Funding to constitute true sales of those receivables. As a result, the receivables were 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. TRFCO had no recourse to the Company beyond its interest in the pool of receivables owned by Volt Funding.

The Company accounted for the securitization of accounts receivable in accordance with SFAS 156. At the time a participation interest in the receivables was sold, the receivable representing that interest was removed from the consolidated balance sheet (no debt was recorded) and the proceeds from the sale were 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, were charged to the consolidated statement of operations.

The Company incurred charges in connection with the sale of receivables under the Expiring Securitization Program, of \$2.8 million in the fiscal year ended November 2, 2008 compared to \$5.4 million and \$6.7 million in the fiscal years ended October 28, 2007 and October 29, 2006, respectively, which are included in Other Expense in the consolidated statement of operations. The equivalent cost of funds in the Expiring Securitization Program was 4.4%, 6.3% and 5.6% per annum in the fiscal years 2008, 2007 and 2006, respectively.

At October 28, 2007, the Company's carrying retained interest in a revolving pool of receivables was approximately \$143.8 million, respectively, net of a service fee liability, out of a total pool of approximately \$264.9 million. The outstanding balance of the undivided interest sold to TRFCO was \$120.0 million at October 28, 2007, respectively. Accordingly, the trade accounts receivable included on the October 28, 2007 balance sheet were reduced to reflect the participation interest sold of \$120.0 million.

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

At November 2, 2008 and October 28, 2007 short-term investments consisted of \$4.2 million and \$5.6 million, respectively, invested in mutual funds for the Company's deferred compensation plan (see Note M).

At November 2, 2008 and October 28, 2007, the Company had an available-for-sale investment in equity securities of \$63,000 and \$249,000, respectively. The gross unrealized losses of \$39,000 and gains of \$148,500 at November 2, 2008 and October 28, 2007, respectively, were included as a component of accumulated other comprehensive income (loss).

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

NOTE D--Inventories

Inventories of accumulated unbilled costs, principally work in process, and materials by segment are as follows:

	November 2, 2008	October 28, 2007
	-----	-----
	(In thousands)	
Telecommunications Services	\$16,874	\$43,162
Computer Systems	8,090	7,138
Printing and Other	4,061	4,114
	-----	-----
Total	\$29,025	\$54,414
	=====	=====

The cumulative amounts billed under service contracts at November 2, 2008 and October 28, 2007 of \$21.7 million and \$13.9 million, respectively, are credited against the related costs in inventory. In addition, inventory reserves at November 2, 2008 and October 28, 2007 of \$4.1 million and \$4.2 million, respectively, are credited against the related costs in the Telecommunications Services segment's inventory.

NOTE E--Short-Term Borrowings

At November 2, 2008, the Company had credit facilities with various banks and financial conduits which provided for borrowings and letters of credit of up to an aggregate of \$352.3 million, including the Company's \$200.0 million five-year accounts receivable securitization program (the "Amended Securitization Program"), a \$42.0 million five-year unsecured revolving credit agreement ("Credit Agreement") and the Company's wholly owned subsidiary, Volt Delta Resources, LLC's ("Volt Delta") \$100.0 million secured, syndicated revolving credit agreement ("Delta Credit Facility"). The Company had total outstanding short-term borrowings of \$107.5 million as of November 2, 2008. Included in these borrowings were \$22.5 million of foreign currency borrowings which provide economic hedges against foreign denominated net assets.

Amended Securitization Program

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On June 3, 2008, the Company's \$200.0 million accounts receivable securitization program (see Note B), which was due to expire within the next year, was transferred to a multi-buyer program administered by PNC Bank. The Amended Securitization Program has a five-year term (subject to 364 day liquidity). Under the Amended 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, a wholly-owned special purpose subsidiary of the Company. Volt Funding, in turn, borrows from two commercial paper conduits (Market Street Funding LLC, a PNC Bank affiliate, and Relationship Funding LLC), secured by an undivided percentage ownership interest in the pool of receivables Volt Funding acquires from the Company. The Company retains the servicing responsibility for the accounts receivable.

The Amended Securitization Program is not an off-balance sheet arrangement as Volt Funding is a 100% owned consolidated subsidiary of the Company. The receivables and related borrowings remain on the balance sheet since Volt Funding effectively retains control over the receivables, which are no longer treated as sold assets. The amounts recorded approximate fair value. Accordingly, pledged receivables of \$50.0 million are included as trade accounts receivable, net, while the corresponding borrowings are included as short-term borrowings on the condensed consolidated balance sheet. At November 2, 2008, Volt Funding had borrowed \$31.2 million and \$18.8 million from

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

NOTE E--Short-Term Borrowings--Continued

Market Street Funding and Relationship Funding, respectively. At November 2, 2008, borrowings bear a weighted-average interest rate of 3.4% per annum, excluding a facility fee of 0.25% per annum paid on the entire facility and a program fee of 0.35% paid on the outstanding borrowings.

The Amended Securitization Program is subject to termination by PNC Bank (with the consent of the majority purchasers) under certain circumstances, including, among other things, the default rate, as defined, on receivables exceeding a specified threshold, or the rate of collections on receivables failing to meet a specified threshold.

At November 2, 2008, the Company was in compliance with all requirements of the Amended Securitization Program.

Credit Agreement  
-----

On February 28, 2008, the Company entered into the Credit Agreement to replace the Company's then expiring \$40.0 million secured credit agreement with an unsecured 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 and \$25.0 million for borrowing in alternative currencies. At November 2, 2008, \$8.3 million was drawn on this facility. The administrative agent for the Credit Facility is Bank of America, N.A. The other banks participating in the Credit Facility are JP Morgan Chase Bank, N.A. as syndicated agent, Wells Fargo Bank, N.A. and HSBC Bank USA, N.A.

Borrowings under the Credit Agreement 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. Based upon the Company's leverage ratio at November 2, 2008, 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 4.5% per annum, excluding a fee of 0.35% per annum paid on the entire facility.

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 year; a limitation on total funded debt to EBITDA of 3.0 to 1.0; and a requirement that the Company maintain a minimum ratio of EBITDA, as defined, to interest expense, as defined, of 4.0 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 level of annual capital expenditures, and the amount of investments, including business acquisitions and mergers, and loans that may be made by the Company to its subsidiaries. At November 2, 2008, the Company was in compliance with all requirements of the Credit Agreement.

Delta Credit Facility  
-----

In December 2006, Volt Delta entered into the secured Delta Credit Facility, which expires in December 2009, with Wells Fargo, N.A. as the administrative agent and arranger, and as a lender thereunder. Wells Fargo and two of the other three lenders under the Delta Credit Facility, Bank of America, N.A. and JPMorgan Chase, also participate in the Company's \$42.0 million unsecured revolving Credit Facility. Neither the Company nor Volt Delta guarantees each other's facility but certain subsidiaries of each are guarantors of their respective parent company's facility.



NOTE E--Short-Term Borrowings--Continued

The Delta Credit Facility allows for the issuance of revolving loans and letters of credit in the aggregate of \$100.0 million with a sublimit of \$10.0 million on the issuance of letters of credit. At November 2, 2008, \$41.7 million was drawn on this facility. Certain interest rate options, as well as the commitment fee, are based on a leverage ratio, as defined, which resets quarterly. Based upon Volt Delta's leverage ratio at November 2, 2008, 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 3.0% per annum. Volt Delta also pays a commitment fee on the unused portion of the Delta Credit Facility which varies based on Volt Delta's leverage ratio. At November 2, 2008, the commitment fee was 0.3% per annum.

The Delta Credit Facility provides for the maintenance of various financial ratios and covenants, including, among other things, a total debt to EBITDA ratio, as defined, which cannot exceed 2.0 to 1.0 on the last day of any fiscal quarter, a fixed charge coverage ratio, as defined, which cannot be less than 2.5 to 1.0 for the twelve months ended as of the last day of each fiscal quarter and the maintenance of a consolidated net worth, as defined. The Delta Credit Facility also imposes limitations on, among other things, incurrence of additional indebtedness or liens, the amount of investments including business acquisitions, creation of contingent obligations, sales of assets (including sale leaseback transactions) and annual capital expenditures. At November 2, 2008, the Company was in compliance with all requirements of the Delta Credit Facility.

NOTE F--Long-Term Debt and Financing Arrangements

Long-term debt consists of the following:

	November 2, 2008	October 28, 2007	
	-----	-----	
	(Dollars in thousands)		
8.2% term loan (a)	\$12,316	\$12,826	
Note payable for an acquisition (b)		450	--
	-----	-----	
	12,766	12,826	
Less amounts due within one year		684	510
	-----	-----	
Total long-term debt	\$12,082	\$12,316	
	=====	=====	

(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 \$12.3 million at November 2, 2008. 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 November 2, 2008 of \$9.7 million. The obligation is guaranteed by the Company.

(b) Represents the present value of a \$0.6 million payment due in sixty monthly installments, discounted at 5% per annum.

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

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

Principal payment maturities on long-term debt outstanding at November 2, 2008 are:

Fiscal Year	Amount
-----	-----
	(In thousands)

2009	\$684
2010	695
2011	746
2012	802
2013	806
Thereafter	9,033
	-----
	\$12,766
	=====

NOTE G--Income Taxes

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

<TABLE>  
<CAPTION>

	Year Ended		
	November 2, 2008	October 28, 2007	October 29, 2006
	-----	-----	-----
	(In thousands)		
	<C>	<C>	<C>
The components of (loss) income from continuing operations before minority interest and income taxes, based on the location of operations, consist of the following:			
Domestic	(\$32,401)	\$ 47,024	\$ 29,976
Foreign	(13,868)	(1,259)	4,022
	-----	-----	-----
	(\$46,269)	\$ 45,765	\$ 33,998
	=====	=====	=====

The components of the income tax (benefit) provision include:

Current:			
Federal (a)	\$ 958	\$ 14,661	\$ 11,054
Foreign	1,985	3,093	3,155
State and local	(260)	5,892	2,808
	-----	-----	-----
Total current	2,683	23,646	17,017
	-----	-----	-----
Deferred:			
Federal	(11,058)	(3,890)	(2,332)
Foreign	(758)	(2,392)	(1,241)
State and local	(2,763)	(1,135)	(541)
	-----	-----	-----
Total deferred	(14,579)	(7,417)	(4,114)
	-----	-----	-----
Total income tax (benefit) provision	=====	(\$11,896)	\$ 16,229
		=====	\$ 12,903
			=====

</TABLE>

(a) Reduced in 2008, 2007 and 2006 by benefits of \$3.1 million, \$1.2 million and \$0.7 million, respectively, from general business credits.

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:

	Year Ended		
	November 2, 2008	October 28, 2007	October 29, 2006
	-----	-----	-----

	-----	-----	-----
Statutory rate	(35.0%)	35.0%	35.0%
State and local taxes, net of federal tax benefit	(4.3)	7.4	5.6
Tax effect of foreign operations		9.5	(4.2)
Goodwill amortization	--	--	(5.9)
General business credits	(3.3)	(2.6)	(2.3)
Minority interest	--	--	(1.0)
Deferred tax adjustments	--	--	5.1
Goodwill impairment	5.7	--	--
FIN 48 adjustment	2.5	--	--
Other-net	(0.8)	(0.1)	2.2
	-----	-----	-----
Effective tax rate	(25.7%)	35.5%	38.0%
	=====	=====	=====

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:

-89-

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

NOTE G--Income Taxes--Continued

	November 2, 2008	October 28, 2007	
	-----	-----	
	(In thousands)		
Deferred Tax Assets:			
Allowance for doubtful accounts		\$ 2,125	\$ 2,071
Inventory valuation	1,716		1,748
Loss carryforwards	6,432		6,086
Goodwill	8,572	1,262	
Accelerated book depreciation and amortization		3,161	589
Compensation accruals and deferrals		5,645	6,185
Warranty accruals	2	101	
Rent expense	1,248	831	
Foreign translation adjustments		161	--
Other-net	1,721	407	
	-----	-----	
Total deferred tax assets		30,783	19,280
Less valuation allowance for deferred tax assets		4,005	1,526
	-----	-----	
Deferred tax assets, net of valuation allowance		26,778	17,754
	-----	-----	
Deferred Tax Liabilities:			
Software development costs		1,062	1,812
Deferred revenue	471	629	
Accelerated book depreciation		135	306
Foreign translation adjustments		--	1,102
Intangible assets	13,087	14,721	
Other-net	299	164	
	-----	-----	
Total deferred tax liabilities		15,054	18,734
	-----	-----	
Net deferred tax liabilities		\$ 11,724	(\$ 980)
	=====	=====	
Balance sheet classification:			
Current assets	\$ 9,685	\$ 9,629	
Non-current assets	17,081	8,125	
Current liabilities	(491)	(709)	
Non-current liabilities	(14,551)	(18,025)	
	-----	-----	

Net deferred tax liabilities                      \$ 11,724      (\$ 980)

At November 2, 2008, the Company had domestic and foreign net operating loss carryforwards of \$20.7 million, which range in expiration date between November 1, 2009, and extend forward with no limitation to the carryforward period. For financial statement purposes, a valuation allowance of \$4.0 million has been recognized due to the uncertainty of the realization of the foreign loss carryforwards and other foreign deferred tax assets. The valuation allowance increased during 2008 by \$2.5 million, principally due to the increase in losses in foreign subsidiaries.

Substantially all of the undistributed earnings of foreign subsidiaries of \$15.5 million at November 2, 2008 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.

On October 29, 2007, the Company adopted the provisions of FIN 48.

-90-

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

NOTE G--Income Taxes--Continued

The following table sets forth the change in the accrual for uncertain tax positions, excluding interest and penalties:

	(In thousands)	
Balance at October 29, 2007	\$330	
Additions for tax positions of prior years	1,461	
Additions based on tax positions related to the current year	211	
	-----	
Balance at November 2, 2008	\$2,002	

Of the total unrecognized tax benefits at November 2, 2008 of \$2.0 million, approximately \$1.5 million would affect the Company's effective income tax rate, if and when recognized in future years.

The Company recognizes interest and penalties in its provision for income taxes. Through November 2, 2008, the Company has recorded approximately \$0.4 million of interest and penalties.

The Company is subject to taxation in the US, various states and various foreign jurisdictions. With few exceptions, the Company is generally no longer subject to examination by the United States federal, state, local or non-U.S. income tax authorities for years before fiscal 2004. The following describes the open tax years, by major tax jurisdiction, as of November 2, 2008:

United States-Federal	2004-present
United States-State	2004-present
Canada	2003-present
Germany	2005-present
United Kingdom	2006-present

The Company does not presently anticipate such uncertain tax positions will significantly increase or decrease in the next twelve months; however, actual developments could differ from those currently expected.

NOTE H--Goodwill and Intangible Assets

Goodwill and Indefinite-Lived Intangible Assets: Under SFAS 142, goodwill and indefinite-lived intangible assets are subject to annual impairment testing using fair value methodologies, which compare the fair value of each reporting unit to its carrying value. The Company performs its annual impairment testing during its second fiscal quarter, or more frequently if indicators of impairment arise. The timing of the impairment test may result in charges to earnings in a

quarter that could not have been reasonably foreseen in prior periods. The Company generally determines the fair value of a reporting unit using the income approach, which is based on the present value of estimated future cash flows, or the market approach, which compares the business units' multiples of sales and EBITDA to those multiples of those of its business units' competitors. If the carrying value of the reporting unit's net assets including goodwill exceeds the fair value of the reporting unit, then the Company performs step two of the impairment test which allocates the fair value of the reporting unit's assets and liabilities in a manner similar to a purchase price allocation, with any residual fair value being allocated to goodwill. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment of goodwill has occurred for such amount, and is reported as a component of operating income.

-91-

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

NOTE H--Goodwill and Intangible Assets--Continued

Based upon indicators of impairment in the fourth quarter of fiscal 2008, which included a significant decrease in market capitalization, a decline in recent operating results, and a decline in the Company's business outlook primarily due to the current macroeconomic environment, the Company performed an interim impairment test as of November 2, 2008 on each of its four segments. The Company completed step one of the impairment analysis and concluded that, as of November 2, 2008, the fair value of the Computer Systems and Staffing Services segments were below their respective carrying values including goodwill. Step two of the impairment test, as required in SFAS 142, was initiated but, due to the time consuming nature, has not been completed. The Company recorded estimates of impairment in the amount of \$41.5 million and \$4.9 million, in the Computer Systems and Staffing Services segments, respectively as of November 2, 2008. The Company expects to complete the step two analyses in time for the first quarter Form 10-Q filing. The Company recorded no impairment charges in fiscal 2007 or fiscal 2006.

The Company considered the income, market and cost approaches in arriving at our indicators of value. The Company relied on the income and market approaches to arrive at its valuation conclusion. The cost approach was viewed as the floor for the value of the reporting units and was calculated based on the book value of working capital. The income approach was given greater weight than the market approach due to the lack of strongly comparable companies, the significant fluctuations in the financial markets and the lack of recently comparable transactions. The material assumptions used for the income approach were the forecasted revenue growth by reporting unit as well as the discount rate and long-term growth rate. The Company considered historical rates and current market conditions when determining the discount and growth rates used in its analyses. For the market approach the material assumptions were financial data for comparable companies, adjusted for differences in size, diversification and profitability. The Company also considered the control premium (which can be defined as the difference between fair value and market price) and other qualitative factors including its low float, concentrated ownership and limited analyst coverage.

Intangible assets, other than goodwill and indefinite-lived intangible assets, are tested for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. An impairment loss is recognized when the carrying amount exceeds the estimated fair value of the asset or asset group. The impairment loss is measured as the amount by which the carrying amount exceeds fair value.

Intangible assets are amortized over the following periods:

Customer relationships	5 to 10 years
Existing technology	7.9 to 8.5 years
Contract backlog	4 years
Reseller network	8 years
Non-compete agreements and trademarks	3 years
Trade Name	0 to 5 years

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

NOTE H--Goodwill and Intangible Assets--Continued

The following table represents the balance of intangible assets:

<TABLE>  
 <CAPTION>

	November 2, 2008		October 28, 2007		
	Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization	
	(In thousands)				
<S>	<C>	<C>	<C>	<C>	
Customer relationships	\$41,298	\$9,862	\$43,788	\$4,830	
Existing technology	13,164	4,714	13,164	3,090	
Contract backlog	3,200	2,266	3,200	1,467	
Trade name (a)	2,936	207	2,016	-	
Reseller network	816	289	816	187	
Non-compete agreements and trademarks		451	323	325	208
Total	\$61,865	\$17,661	\$63,309	\$9,782	

</TABLE>

(a) Certain trade names have an indefinite life and are not amortized.

Amortization expense in fiscal 2008, 2007 and 2006 was \$7.9 million, \$4.8 million and \$3.7 million, respectively. In each of the succeeding five years, the amount of amortization expense for other intangible assets is estimated to be as follows:

Fiscal Year	Amount
	(In Millions)
2009	\$7.8
2010	\$7.2
2011	\$7.0
2012	\$7.0
2013	\$6.7

The following table represents the change in the carrying amount of goodwill for each segment during each fiscal year.

<TABLE>  
 <CAPTION>

Segment	Carrying Value October 29, 2006	Additions 2007	Carrying Value October 28, 2007	Additions 2008	Carrying Value Impairment 2008	November 2, 2008
	(In thousands)					
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Staffing Services	\$ 8,340	\$ 1,388(a)	\$ 9,728	\$ 1,211(a)	(\$4,900)	\$ 6,039
Computer Systems	42,556	46,431(b,c)	88,987	3,955(c)	(41,500)	51,442
Total	\$ 50,896	\$ 47,819	\$ 98,715	\$ 5,166	(\$46,400)	\$ 57,481

</TABLE>

- (a) Acquisition of outsourcing and services providers (see Note J).  
 (b) Acquisition of Varetis Solutions and the minority interest in Delta (see Note J).  
 (c) Acquisition of LSSi Corp (see Note J).

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--Continued

NOTE H--Goodwill and Intangible Assets--Continued

NOTE I--Per Share Data

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

<TABLE>  
<CAPTION>

	Year Ended			
	November 2, 2008	October 28, 2007	October 29, 2006	
	(In thousands)			
	<C>	<C>	<C>	
Denominator for basic earnings per share - Weighted average number of shares		21,982	22,935	23,227
Effect of dilutive securities:				
Stock options	--	50	161	
Denominator for diluted earnings per share - Adjusted weighted average number of shares		21,982	22,985	23,388

</TABLE>

Options to purchase 205,645, 29,550 and 32,550 shares of the Company's common stock were outstanding at November 2, 2008, October 28, 2007 and October 29, 2006, respectively, but were not included in the computation of diluted earnings per share because the effect of inclusion would have been antidilutive.

NOTE J-- Sale and Acquisitions of Businesses

On September 5, 2008, the Company sold the net assets of its directory systems and services and North American publishing operations to Yellow Page Group for cash proceeds of \$179.3 million. The transaction included the net assets of Volt Directory Systems and DataNational but excluded the Uruguayan operations, which combined were historically reported as the Company's Telephone Directory segment. The Company recorded a pre-tax gain of \$156.4 million (\$93.3 million net of taxes) that is included in discontinued operations in the consolidated statement of operations. In accordance with SFAS No. 144, the results of operations of Volt Directory Systems and DataNational, have been classified as discontinued, the prior period results have been reclassified and their assets and liabilities included as separate line items on the Company's October 28, 2007 consolidated balance sheet.

The following summarizes the discontinued operations:

	Fiscal Year Ended			
	November 2, 2008	October 28, 2007	October 29, 2006	
	(In thousands)			
Revenue	\$ 54,072	\$ 73,004	\$ 73,209	
Income before items shown below	\$ 9,202	\$ 16,449	\$ 17,571	
Gain on sale	156,372	--	--	
Income before taxes	165,574	16,449	17,571	
Income tax provision	(67,089)	(6,659)	(6,995)	
Income from discontinued operations	\$ 98,485	\$ 9,790	\$ 10,576	

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

NOTE J-- Sale and Acquisitions of Businesses --Continued

Volt Directory Systems and Services and DataNational's assets and liabilities reclassified in the October 28, 2007 balance sheet include:

	October 28, 2007 ----- (In thousands)
Cash	\$ 55
Accounts receivable	24,145
Inventory	5,536
Deferred taxes and other current assets	2,722
Property, plant and equipment, net	2,459
Intangible assets	302
Other non-current assets	44
	-----
Assets held for sale	\$35,263 =====
Accounts payable	\$ 2,444
Accrued expenses	1,569
Customer advances and other liabilities	16,756
	-----
Liabilities related to assets held for sale	\$20,769 =====

In March 2008, the Company acquired a staffing and consulting services provider in South America for \$1.6 million, which is expected to complement existing services in the Staffing Services segment.

In September 2007, Volt Delta, the principal business unit of the Computer Systems segment, acquired LSSi Corp. ("LSSi") by merger for \$71.6 million and combined it and its DataServ division into LSSiData. The combination of Volt Delta's application development, integration and hosting expertise and LSSi's highly efficient data processing will allow Volt Delta to serve a broader base of customers by aggregating the most current and accurate business and consumer information possible. Substantially all of the merger consideration was attributable to goodwill and other intangible assets.

The assets and liabilities of LSSi and the South American staffing and consulting service provider were accounted for under the purchase method of accounting at the date of acquisition at their fair values. The results of operations have been included in the consolidated statement of operations since their respective acquisition dates.

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

NOTE J-- Sale and Acquisitions of Businesses --Continued

The purchase price allocation of the fair value of assets acquired and liabilities assumed of LSSi Corp. is as follows:

	(In thousands)
Cash	\$679
Accounts receivable	5,836
Prepaid expenses and other assets	469
Property, plant and equipment	1,800
Goodwill	50,928
Intangible assets	24,070
	-----
Total Assets	83,782



	-----
Accounts payable	(1,119)
Other accrued expenses	(3,912)
Other liabilities	(144)
Deferred income tax	(6,959)
	-----
Total Liabilities	(12,134)
	-----
Purchase price	\$71,648
	=====

In September 2007, the Company purchased for \$1.5 million an 80% interest in an outsourcing and services provider that will complement existing services in the Staffing Services segment. The Company and the 20%-owner have call and put rights related to ownership in fiscal 2010. The Company estimated the fair value of the call/put and recorded a liability of \$2.0 million as of November 2, 2008.

In December 2005, Volt Delta purchased from Nortel Networks its 24% minority interest in Volt Delta. Under the terms of the agreement, Volt Delta was required to pay Nortel Networks approximately \$56.4 million for its minority interest in Volt Delta, 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 and paid the remaining \$36.8 million on February 15, 2006. The transaction resulted in an increase in goodwill and intangible assets of approximately \$6.8 million and \$5.7 million, respectively. In December 2005, Volt Delta also acquired varetis AG's Varetis Solutions subsidiary for \$24.8 million. The acquisition of Varetis Solutions provided Volt Delta with the resources to focus on the evolving global market for directory information systems and services.

The following unaudited pro forma information reflects the purchase from Nortel Networks of its 24% minority interest in Volt Delta and combines the consolidated results of operations of the Company with those of the LSSi and Varetis Solutions businesses as if the transactions had occurred in November 2005. 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 the acquisitions been consummated at the beginning of fiscal 2006. In addition, these results are not intended to be a projection of future results.

-96-

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

NOTE J-- Sale and Acquisitions of Businesses --Continued

	Year Ended	
	October 28, 2007	October 29, 2006
	-----	-----
	(In thousands, except per share amounts)	
Net sales	\$ 2,310,217	\$ 2,300,479
Operating profit	\$ 49,624	\$ 38,620
Income from continuing operations	\$ 30,465	\$ 21,603
Discontinued operations, net of taxes	9,790	10,576
Net income	\$ 40,255	\$ 32,179
Earnings per share		
Basic:		
Income from continuing operations	\$ 1.33	\$ 0.93
Discontinued operations, net of taxes	0.43	0.46

Net income	\$ 1.76	\$ 1.39
Diluted:		
Income from continuing operations	\$ 1.32	\$ 0.93
Discontinued operations, net of taxes	0.43	0.45
Net income	\$ 1.75	\$ 1.38

#### 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 November 2, 2008 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.

The Company recorded compensation expense of \$18,000, \$47,000 and \$74,000 for the fiscal year ended November 2, 2008, October 28, 2007 and October 29, 2006, respectively. Compensation expense is recognized in the selling and administrative expenses in the Company's statement of operations on a straight-line basis over the vesting periods. As of November 2, 2008, there was \$7,000 of total unrecognized compensation cost related to non-vested share-based compensation arrangements under the 1995 Plan to be recognized over a weighted average period of 0.8 years.

The intrinsic values of options exercised during the periods ended November 2, 2008 and October 28, 2007 were \$0.1 million and \$0.6 million, respectively. The total cash received from the exercise of stock options was \$0.2 million and \$0.3 million in the fiscal years ended November 2, 2008 and October 28, 2007, respectively, and is classified as financing cash flows in the statement of cash flows. Prior to the adoption of SFAS 123R, the Company presented all tax benefit deductions resulting from the exercise of stock options as operating cash flows. SFAS 123R requires that cash flows from tax benefits attributable to tax deductions in excess of the compensation cost recognized for those options (excess tax benefits) be classified as financing cash flows. The actual tax benefit realized from the exercise of stock options for the fiscal year ended November 2, 2008 and October 28, 2007 was \$0.1 million and \$0.2 million, respectively.

-97-

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

##### NOTE K--Stock Option Plan--Continued

Transactions involving outstanding stock options under the plan were:

1995 Plan	Number of Shares	Weighted Average Exercise Price
-----	-----	-----
Outstanding - October 30, 2005	661,346	\$13.96
Exercised	(491,449)	\$13.33
Forfeited	(16,920)	\$15.19
-----	-----	-----
Outstanding - October 29, 2006	152,977	\$15.85
Exercised	(23,625)	\$14.58
Expired	(10,687)	\$28.46
-----	-----	-----
Outstanding - October 28, 2007	118,665	\$14.97
Exercised	(18,000)	\$9.20
Expired	(23,550)	\$25.96
Forfeited	(3,000)	\$15.44
-----	-----	-----

Outstanding - November 2, 2008                      74,115                      \$12.87  
=====

Price ranges of outstanding and exercisable options for the 1995 Plan as of November 2, 2008 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
<C>   <C>	<C>	<C>	<C>	<C>	<C>
\$7.11 - \$12.08	18,450	4.09	\$ 8.33	18,450	\$ 8.33
\$12.35 - \$12.42	4,950	4.43	\$12.36	4,950	\$12.36
\$12.54 - \$12.54	19,500	2.08	\$12.54	19,500	\$12.54
\$12.90 - \$14.88	16,755	1.13	\$14.64	16,755	\$14.64
\$14.98 - \$19.65	14,460	4.23	\$17.19	11,910	\$17.04

</TABLE>

In April 2007, the shareholders of the Company approved the Volt Information Sciences, Inc. 2006 Incentive Stock Plan ("2006 Plan"). The 2006 Plan permits the grant of Incentive Stock Options, Non-Qualified Stock Options, Restricted Stock and Restricted Stock Units to employees and non-employee directors of the Company through September 6, 2016. The maximum aggregate number of shares that may be issued pursuant to awards made under the 2006 Plan shall not exceed one million five hundred thousand (1,500,000) shares.

Compensation expense of \$27,000 was recognized in selling and administrative expenses in the Company's condensed consolidated statement of operations for the fiscal year 2008 on a straight-line basis over the vesting period for grants issued in fiscal 2007. As of November 2, 2008, there was \$38,000 of total unrecognized compensation cost related to non-vested share-based compensation arrangements for these options to be recognized over a weighted average period of 1.4 years.

-98-

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

NOTE K--Stock Option Plan--Continued

On December 18, 2007, the Company granted to employees (i) 233,000 restricted stock units and (ii) non-qualified stock options to purchase 152,996 shares of the Company's common stock at \$13.32 per share under the 2006 Plan. If certain net income targets are met in fiscal years 2007 through 2011, the restricted stock units begin to vest over a five-year period through 2016. Similarly, if certain net income targets are met in fiscal years 2008 through 2012, substantially all the stock options will vest over a four-year period and expire on December 17, 2017. There was no compensation expense recognized on the grants with certain targets. Compensation expense of \$5,000 was recognized in cost of sales in the Company's condensed consolidated statement of operations for fiscal year 2008 for options without targets. As of November 2, 2008, there was \$18,000 of unrecognized compensation costs related to non-vested share-based compensation arrangements to be recognized over a weighted average period of 2.6 years

The fair value of each option grant is estimated using the Black-Scholes option pricing model, with the following weighted-average assumptions used for grants in year ended November 2, 2008: risk-free interest rates of 4.1%; expected volatility of 0.47; an expected life of the options of ten years; and no dividends. The weighted average fair value of stock options granted during this period was \$8.38.

Transactions involving outstanding vested awards under the 2006 Plan were:

Number of Shares	Weighted Average Grant Date Fair Value
-----	-----

Outstanding - October 28, 2007	3,000	\$27.01
Awarded	-	
-----		
Outstanding - November 2, 2008	3,000	\$27.01
=====		

Transactions involving outstanding non - vested awards under the 2006 Plan were:

<TABLE>  
<CAPTION>

	Stock Options		Stock Awards	
	Number of Shares	Weighted Average Grant Date Fair Value	Number of Shares	Weighted Average Purchase Price
	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>
Outstanding - October 28, 2007	-	-	-	-
Awarded	152,996	\$13.32	233,000	\$13.32
Forfeited	(21,466)	\$13.32	(35,250)	\$13.32
-----		-----		
Outstanding - November 2, 2008	131,530	\$13.32	197,750	\$13.32
=====		=====		

</TABLE>

Price ranges of outstanding and exercisable options for the 2006 Plan as of November 2, 2008 are summarized below:

<TABLE>  
<CAPTION>

	Outstanding Options			Exercisable Options	
	Average				
Range of Exercise Prices	Number of Shares	Remaining Life (Years)	Weighted Average Exercise Price	Number of Shares	Weighted Average Exercise Price
-----	-----	-----	-----	-----	-----
<S>	<C>	<C>	<C>	<C>	<C>
\$13.32	131,530	9.12	\$13.32	-	-

</TABLE>

-99-

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

NOTE L--Segment Disclosures

The Company's operating segments have been determined in accordance with the Company's internal management structure, which is based on operating activities. The Company evaluates performance based upon several factors, of which the primary financial measure is segment operating profit. Operating profit provides management, investors and equity analysts a measure to analyze operating performance of each business segment against historical and competitors' data, although historical results, including operating profit, may not be indicative of future results, as operating profit is highly contingent on many factors, including the state of the economy and customer preferences.

On September 5, 2008, the Company sold the net assets of its DataNational and Directory Systems divisions, whose operations for the current and comparable periods have been reclassified to Discontinued Operations, with the remainder of the segment being renamed Printing and Other. The operations of this segment were part of the Telephone Directory segment until the current quarter.

This report includes information extracted from consolidated financial information that is not required by Generally Accepted Accounting Principles ("GAAP") to be presented in the financial statements. Certain of this information is considered "non-GAAP financial measures" as defined by SEC rules. Some of these measures are as follows:

Gross profit for a segment is comprised of its total net sales less direct costs.

Segment operating profit (loss) is comprised of segment gross profit less its overhead, selling and administrative costs and depreciation, and has limitations as an analytical tool. It should not be considered in isolation or as a substitute for analysis of the Company's results as reported under GAAP. Some of these limitations are due to the omission of: (a) general corporate expenses; (b) interest income earned by the Company on excess cash generated by its segments; (c) interest expended on corporate debt necessary to finance the segments' operations and capital expenditures; and (d) interest and fees related to sales of interests in accounts receivable. Because of these limitations, segment operating profit (loss) should only be used on a supplemental basis combined with GAAP results when evaluating the Company's performance.

Overhead is comprised of indirect costs required to support each segment's operations, and is included in cost of sales in the statements of operations, along with selling and administrative and depreciation expenses, which are reflected separately in the statements of operations.

General corporate expenses are comprised of the Company's shared service centers, and include, among other items, enterprise resource planning, human resource, corporate accounting and finance, treasury, legal and executive functions. In order to leverage the Company's infrastructure, these functions are operated under a centralized management platform, providing support services throughout the organization. The costs of these functions are included within general corporate expenses as they are not directly allocable to a specific segment.

Financial data concerning the Company's sales and segment operating profit (loss) by reportable operating segment for the fiscal years ended November 2, 2008, October 28, 2007 and October 29, 2006 are summarized in the table below.

-100-

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

NOTE L--Segment Disclosures--Continued

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

<TABLE>  
<CAPTION>

	November 2, 2008	October 28, 2007	October 29, 2006
NET SALES			
<S>	<C>	<C>	<C>
Staffing Services:			
Sales to unaffiliated customers			
Staffing	\$ 1,982,072	\$ 1,916,621	\$ 1,910,416
Managed Services	1,278,399	1,212,915	1,109,315
	-----	-----	-----
Total gross sales	3,260,471	3,129,536	3,019,731
Less: Non-recourse Managed Services		(1,222,972)	(1,164,243)
Intersegment sales	6,316	5,642	5,233
	-----	-----	-----
	2,043,815	1,970,935	1,972,282
	-----	-----	-----
Telecommunications Services:			
Sales to unaffiliated customers		170,753	118,311
Intersegment sales		970	781
	-----	-----	-----
	171,723	119,712	118,862
	-----	-----	-----
Computer Systems:			
Sales to unaffiliated customers		202,167	188,703
Intersegment sales		10,488	13,958
	-----	-----	-----
	212,655	199,314	187,930
	-----	-----	-----
Printing and Other:			
Sales to unaffiliated customers		16,899	12,754
			11,130

Intersegment sales	--	9	91
	-----	-----	-----
	16,899	12,763	11,221
	-----	-----	-----
Elimination of intersegment sales		(17,774)	(17,663)
	-----	-----	-----
TOTAL NET SALES		\$ 2,427,318	\$ 2,285,061
	=====	=====	=====
SEGMENT PROFIT (LOSS)			
Staffing Services	\$ 40,516	\$ 53,598	\$ 58,799
Telecommunications Services	(22,641)	4,977	(1,168)
Computer Systems	(22,715)	31,676	28,447
Printing and Other	306	209	(2,103)
	-----	-----	-----
Total segment (loss) profit	(4,534)	90,460	83,975
General corporate expenses	(36,114)	(39,772)	(43,349)
	-----	-----	-----
TOTAL OPERATING (LOSS) PROFIT		(40,648)	50,688
			40,626
Interest income and other (expense) income, net		848	(890)
Interest expense	(7,624)	(3,612)	(1,819)
Foreign exchange gain (loss)	1,155	(421)	(505)
	-----	-----	-----
(Loss) income from continuing operations before income taxes and minority interest	(\$ 46,269)	\$ 45,765	\$ 33,998
	=====	=====	=====

</TABLE>

-101-

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

NOTE L--Segment Disclosures--Continued

	November 2, 2008	October 28, 2007
	-----	-----
	(In thousands)	
Assets:		
Staffing Services	\$455,618	\$485,500
Telecommunications Services	48,635	75,532
Computer Systems	189,669	220,309
Printing and Other	13,811	13,674
	-----	-----
	707,733	795,015
Cash, investments and other corporate assets	218,046	9,873
Discontinued Operations	--	35,263
	-----	-----
Total assets	\$925,779	\$840,151
	=====	=====

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

<TABLE>  
<CAPTION>

	Year Ended		
	November 2, 2008	October 28, 2007	October 29, 2006
	-----	-----	-----
	(In thousands)		
<S>	<C>	<C>	<C>
Sales:			
Domestic	\$2,236,255	\$2,127,039	\$2,139,632
International, principally Europe	191,063	158,022	130,600

\$2,427,318	\$2,285,061	\$2,270,232
-------------	-------------	-------------

</TABLE>

	Year Ended	
	November 2, 2008	October 28, 2007
	(In thousands)	
Assets:		
Domestic	\$825,978	\$712,649
International, principally Europe	99,801	127,502
	\$925,779	\$840,151

-102-

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

NOTE L--Segment Disclosures--Continued

In fiscal 2008, the Staffing Services segment's sales to two customers accounted for approximately 12% and 10% of the total sales of that segment, the Telecommunication Services segment's sales to three customers accounted for approximately 52%, 12% and 11% of the total sales of that segment; and the Computer Systems segment's sales to two customers accounted for approximately 19% and 15% of the total sales of that segment. In fiscal 2008, the sales to seven operating units of one customer, Microsoft Corporation, accounted for 10% of the Company's consolidated net sales of \$2.4 billion and 6% of the Company's consolidated gross billings of \$3.7 billion under a number of different contracts. 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. Revenue for these services is recognized net of associated vendor costs in the period the services are rendered. The Company believes that gross billing is a meaningful measure, which reflects actual volume by the customers.

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

In fiscal 2007, the Staffing Services segment's sales to one customer accounted for approximately 13% of the total sales of that segment; the Telecommunications Services segment's sales to two customers accounted for approximately 33% and 15% of the total sales of that segment; and the Computer Systems segment's sales to two customers accounted for approximately 25% and 17% of the total sales of that segment. In fiscal 2007, the sales to seven operating units of one customer, Microsoft Corporation, accounted for 11% of the Company's consolidated net sales of \$2.3 billion and 7% of the Company's consolidated gross billings of \$3.5 billion under a number of different contracts.

In fiscal 2006, the Staffing Services segment's sales to one customer accounted for approximately 13% of the total sales of that segment; the Telecommunications Services segment's sales to three customers accounted for approximately 24%, 22% and 18% of the total sales of that segment; and the Computer Systems segment's sales to two customers accounted for approximately 25% and 14% of the total sales of that segment. In fiscal 2006, the sales to seven operating units of one customer, Microsoft Corporation, accounted for 11% of the Company's consolidated net sales of \$2.3 billion and 7% of the Company's consolidated gross billings of \$3.3 billion under a number of different contracts.

-103-

NOTE L--Segment Disclosures--Continued

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

	Year Ended		
	November 2, 2008	October 28, 2007	October 29, 2006
	(In thousands)		
Capital Expenditures:			
Staffing Services	\$ 9,100	\$12,508	\$10,513
Telecommunications Services	5,849	3,351	1,781
Computer Systems	12,065	11,725	7,450
Printing and Other	69	986	149
Total segments	27,083	28,570	19,893
Corporate	1,151	2,009	2,227
	\$28,234	\$30,579	\$22,120
Depreciation and Amortization (a):			
Staffing Services	\$14,052	\$12,732	\$12,019
Telecommunications Services	2,558	1,950	1,438
Computer Systems	18,883	16,310	13,309
Printing and Other	770	754	760
Total segments	36,263	31,746	27,526
Corporate	2,373	5,321	6,204
	\$38,636	\$37,067	\$33,730

(a) Includes depreciation and amortization of property, plant and equipment for fiscal years 2008, 2007 and 2006 of \$30.7 million, \$32.3 million and \$30.0 million, respectively, of which \$8.6 million, \$11.6 million and \$11.6 million, respectively, relate to the depreciation of capitalized software.

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 \$3.0 million, \$2.0 million and \$1.8 million in fiscal 2008, fiscal 2007 and fiscal 2006, 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 November 2, 2008, the Company had no outstanding foreign currency option contracts.

Restricted cash at November 2, 2008 and October 28, 2007 included \$48.6 million and \$25.5 million, respectively, 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 payments to associate vendors.

#### NOTE O--Leases

The future minimum rental commitments as of November 2, 2008 for all non-cancelable operating leases were as follows:

Fiscal Year	Total	Office Space	Equipment
-----	-----	-----	-----
	(In thousands)		
2009	\$19,057	\$18,779	\$278
2010	13,532	13,341	191
2011	8,865	8,751	114
2012	5,192	5,136	56
2013	2,223	2,223	-
Thereafter	5,991	5,991	-
	-----	-----	-----
	\$54,860	\$54,221	\$639
	=====	=====	=====

Many of the leases also require the Company to pay and contribute to property taxes, insurance and ordinary repairs and maintenance. The lease agreements which expire at various dates through 2018 and may be subject in some cases to renewal options, early termination options or escalation clauses.

Rental expense for all operating leases for fiscal years 2008, 2007 and 2006 was \$28.4 million, \$29.9 million and \$29.7 million, respectively.

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

#### NOTE P--Related Person Transactions

During fiscal 2008, 2007 and 2006, the Company paid or accrued \$1.7 million, \$1.6 million and \$0.9 million, respectively, to the law firms of which Lloyd Frank, a director, is of counsel, for services rendered to the Company and expenses reimbursed. In addition, during fiscal 2008 the Company paid \$34,200 to Michael Shaw, Ph. D., a brother of Steven Shaw, the Chief Executive Officer and director, for services rendered to the Company.

In October 2006, the Company purchased 300,000 shares of common stock from the Estate of William Shaw, the former CEO of the Company, at a price of \$26.50 per share, for a total of \$7,950,000. The funds were transferred in November 2006. The Company intends to use these shares to fund awards under the Volt Information Sciences, Inc. 2006 Incentive Stock Plan. The shares were purchased at a price below the price at which the Company's common stock was then being traded on the New York Stock Exchange (the low trade for the day was \$26.63 and the high trade was \$27.23). The decision to make the purchase was made by the Board of Directors, which delegated the negotiation of the purchase price to

senior management of the Company.

In fiscal 2006, the Company advanced \$162,400 directly to the attorneys for Mr. Thomas Daley, an executive officer of the Company. In 2006, the Company also paid \$336,100 for legal fees of the independent counsel to the Audit Committee of the Board of Directors of the Company.

NOTE Q--Subsequent Events

On January 7, 2009, the Amended Securitization Program was further amended to reduce the size of the facility from \$200.0 million to \$175.0 million and to extend the 364-day liquidity to January 6, 2010. The scheduled expiration of the Amended Securitization Program was not amended, and remains 2013.

-106-

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 November 2, 2008 and October 28, 2007. Each quarter contained thirteen weeks, except the fourth quarter of fiscal 2008 which contained fourteen weeks.

<TABLE>  
<CAPTION>

	Fiscal 2008 Quarter			
	First	Second	Third	Fourth
	(In thousands, except per share data)			
	<C>	<C>	<C>	<C>
Net sales	\$ 581,054	\$ 605,087	\$ 590,553	\$ 650,624
Gross profit	\$ 13,969	\$ 36,853	\$ 36,153	\$ 50,160
(Loss) income from continuing operations		(\$ 13,638)	\$ 1,301	\$ 1,290
Income from discontinued operations		430	2,069	2,665
Net (loss) income	(\$ 13,208)	\$ 3,370	\$ 3,955	\$ 70,097
(Loss) income per share				
(Loss) income from continuing operations		(\$ 0.61)	\$ 0.06	\$ 0.06
Income from discontinued operations		0.02	0.09	0.12
Net (loss) income	(\$ 0.59)	\$ 0.15	\$ 0.18	\$ 3.24
	Fiscal 2007 Quarter			
	First	Second	Third	Fourth
	(In thousands, except per share data)			
Net sales	\$ 537,642	\$ 552,333	\$ 590,218	\$ 604,868
Gross profit	\$ 31,569	\$ 39,430	\$ 41,844	\$ 63,957
(Loss) income from continuing operations		(\$ 126)	\$ 4,337	\$ 6,137
Income from discontinued operations		853	2,056	2,980
Net income	\$ 727	\$ 6,393	\$ 9,117	\$ 23,095

(Loss) income per share				
(Loss) income from continuing operations	(\$ 0.01)	\$ 0.19	\$ 0.27	\$ 0.86
Income from discontinued operations	0.04	0.09	0.13	0.17
Net income	\$ 0.03	\$ 0.28	\$ 0.40	\$ 1.03

</TABLE>

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 Printing and Other 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.

-107-

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

Not applicable.

#### ITEM 9A. CONTROLS AND PROCEDURES

##### Disclosure Controls and Procedures

The Company's management, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, carried out an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures as of November 2, 2008 (the "Evaluation"). Based on that evaluation and the events described below, management concluded that, as of their evaluation, the Company's disclosure controls and procedures (as defined in Exchange Act Rule 13a-15(e)) were not effective 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 one of the Company's subsidiaries. Management concluded that the subsidiary did not maintain effective policies and procedures to timely review and evaluate the appropriate recognition of revenue related to sales contracts with multiple deliverables. Additionally, management concluded that the subsidiary did not timely and/or accurately review and monitor certain other transactional control functions. These deficiencies resulted in multiple adjustments which caused a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

##### Remediation Efforts Related to the Material Weakness in Internal Controls

The Company's management reviewed and is evaluating the design of the control procedures relating to revenue recognition and other transactions, and is taking the following actions to remediate the reported material weakness in internal controls over financial reporting.

The Company will re-evaluate the accounting functions and related technical expertise required. Changes will be made to include the technical abilities needed in this subsidiary. In addition corporate oversight of this business unit will be increased to review and monitor certain complex and/or judgmental accounting functions.

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. The Company expects to remediate the material weakness in the first half of fiscal 2009.

-108-

The Company's management is responsible for establishing and maintaining adequate "internal control over financial reporting" (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)). Management evaluated the effectiveness of the Company's internal control over financial reporting using the COSO criteria, under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, and assessed the effectiveness of the Company's internal control over financial reporting as of November 2, 2008.

In management's assessment, the Company did not maintain effective internal control over financial reporting, as of November 2, 2008, 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, has audited the effectiveness of the Company's internal control over financial reporting as of November 2, 2008, as stated in their report which is included herein.

-109-

#### Report of Independent Registered Public Accounting Firm

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

We have audited Volt Information Sciences, Inc. and subsidiaries' internal control over financial reporting as of November 2, 2008, 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 Inc. and subsidiaries' management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on 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, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, 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 deficiency, or combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis. The following material weakness has been identified and included in management's assessment.

One of the Company's subsidiaries did not maintain effective policies and procedures to timely review and evaluate the appropriate recognition of revenue related to sales contracts with multiple deliverables. Additionally, the subsidiary did not timely and/or accurately review and monitor certain other transactional control functions. This material weakness was considered in determining the nature, timing and extent of audit tests applied in our audit of the Company's financial statements for the year ended November 2, 2008 and this report does not affect our report dated February 2, 2009 on those financial statements.

In our opinion, because of the material weakness described above on the achievement of the objectives of the control criteria, Volt Information Sciences, Inc. and subsidiaries has not maintained effective internal control over financial reporting as of November 2, 2008, based on the COSO criteria.

-110-

/s/ Ernst & Young LLP

New York, New York  
February 2, 2009

-111-

#### 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 2009 Annual Meeting of Shareholders, which the Company intends to file within 120 days after the close of its fiscal year ended November 2, 2008 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 Item 5 in this Report are incorporated by reference into Items 10 and 12, respectively, of this Report.

-112-

#### PART IV

#### ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

##### 15(a)(1). Financial Statements

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

Page

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Consolidated Balance Sheets--November 2, 2008 and October 28, 2007	70
Consolidated Statements of Operations--Years ended November 2, 2008, October 28, 2007 and October 29, 2006	71
Consolidated Statements of Stockholders' Equity--Years ended November 2, 2008, October 28, 2007 and October 29, 2006	72
Consolidated Statements of Cash Flows--Years ended November 2, 2008, October 28, 2007 and October 29, 2006	73



- 4.1(g) Amended and Restated Receivables Purchase Agreement dated June 3, 2008 among Volt Information Funding Corp., the various buyers and buyer agents, the Company and PNC Bank as administrator for each buyer group. (Exhibit 10.01 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 27, 2008 File No. 1-9232).
- 4.1(h) Amendment No. 2 to the Amended and Restated Receivable Purchase Agreement, dated as of January 7, 2009. among Volt Information Funding Corp., the various buyers and buyer agents, the Company and PNC Bank as administrator for each buyer group. (Exhibit 10.01 to the Company's Current Report on Form 8-K dated January 13, 2009 File No. 1-9232).
- 4.1(i) Letter Agreement dated January 7, 2009 among PNC Bank, as administrator and a buyer agent, Fifth Third Bank, as a buyer agent, Volt Funding, as seller and the Company, individually and as servicer. (Exhibit 10.01 to the Company's Current Report on Form 8-K dated January 13, 2009 File No. 1-9232).

-114-

15(a)(3). Exhibits--Continued

Exhibit Description

-----

- 10.1+ 1995 Non-Qualified Stock Option Plan, as amended. (Exhibit 10.1(b) to the Company's Annual Report on Form 10-K for the fiscal year ended October 30, 1998, File No. 1-9232).
- 10.2+ The Volt Information Sciences, Inc. 2006 Incentive Stock Plan. (Exhibit A to the Company's Proxy Statement on Form 14-A dated February 28, 2007, File No. 1-9232).
- 10.2(a)+ Form of Restricted Stock Agreement for Non-Employee Directors. (Exhibit 10.01 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 29, 2007, File No. 1-9232).
- 10.2(b)+ Form of Restricted Stock Unit Agreement (Option 1). (Exhibit 10.1 to the Company's Current Report on Form 8-K dated December 26, 2007, File No. 1-9232).
- 10.2(c)+ Form of Restricted Stock Unit Agreement (Option 2). (Exhibit 10.2 to the Company's Current Report on Form 8-K dated December 26, 2007, File No. 1-9232).
- 10.2(d)+ Form of Non-Qualified Stock Option Agreement. (Exhibit 10.3 to the Company's Current Report on Form 8-K dated December 26, 2007, File No. 1-9232).
- 10.3(a)+ Employment Agreement, dated as of May 1, 1987, between the Company and Jerome Shaw (Exhibit 19.02 to the Company's Quarterly Report on Form 10-Q for the quarter ended May 1, 1987, File No. 1-9232).
- 10.3(b)+ Amendment, dated January 3, 1989, to Employment Agreement between the Company and Jerome Shaw (Exhibit 19.02(b) to the Company's Annual Report on Form 10-K for the fiscal year ended October 28, 1988, File No. 1-9232).
- 10.4(a)+ Employment Agreement entered into on or about August 25, 2004 between the Company and Thomas Daley (Exhibit 10.4(a) to the Company's Annual Report on Form 10-K for the fiscal year ended October 30, 2005, File No. 1-9232).
- 10.4(b)+ Undertaking dated August 5, 2005 from Thomas Daley to the Company (Exhibit 10.4(a) to the Company's Annual Report on Form 10-K for the fiscal year ended October 30, 2005, File No. 1-9232).
- 10.4(c)+ Amendment No. 1 dated as of April 6, 2006, to the Employment Agreement made and entered into on or about August 25, 2004 between the Company and Thomas Daley (Exhibit 99.1 to the Company's Current Report on Form 8-K dated April 10, 2006, File No. 1-9232).
- 10.4(d)+ Employment Agreement entered on March 16, 2006 between the Company

and Jack Egan (Exhibit 99.1 to the Company's Current Report on Form 8-K dated March 22, 2006, File No. 1-9232)

- 10.4(e)+ Employment Agreement entered on May 26, 2006 between the Company and Ludwig M. Guarino (Exhibit 99.1 to the Company's Current Report on Form 8-K dated May 31, 2006, File No. 1-9232)
- 10.5(a)+ 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).
- 10.5(b)+ Form of Indemnification Agreement (Exhibit 10.4(b) to the Company's Annual Report on Form 10-K for the fiscal year ended October 29, 2006, File No. 1-9232).
14. Volt Information Sciences, Inc. and Subsidiaries Code of Ethical Conduct for Financial Managers (Exhibit 14 to the Company's Annual Report on Form 10-K for the fiscal year ended November 2, 2003, File No. 1-9232).

-115-

15(a)(3). Exhibits--Continued  
Exhibit Description

- - - - -

- 21.\* Subsidiaries of the Registrant.
- 23.\* Consent of Independent Registered Public Accounting Firm.
- 31.1\* Certification of Principal Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 31.2\* Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1\* Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2\* Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- + 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.

-116-

#### 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.

-117-

#### 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.



Dated: New York, New York                      By: /s/Steven A. Shaw  
 January 30, 2009                                      -----

Steven A. Shaw  
 President and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

Signature -----	Title -----	Date ----
/s/Steven A. Shaw ----- Steven A. Shaw	President, and Chief Executive Officer	January 30, 2009
/s/Jack Egan ----- Jack Egan	Senior Vice President (Principal Financial and Accounting Officer)	January 30, 2009
/s/Lloyd Frank ----- Lloyd Frank	Director	January 30, 2009
/s/Theresa A. Havell ----- Theresa A. Havell	Director	January 30, 2009
/s/Mark N. Kaplan ----- Mark N. Kaplan	Director	January 30, 2009
/s/Bruce G. Goodman ----- Bruce G. Goodman	Director	January 30, 2009
/s/William H. Turner ----- William H. Turner	Director	January 30, 2009
/s/Deborah Shaw ----- Deborah Shaw	Director	January 30, 2009

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES

SCHEDULE II--VALUATION AND QUALIFYING ACCOUNTS

<TABLE>  
 <CAPTION>

Column A -----	Column B -----	Column C -----	Column D -----	Column E	
	Additions				
	Balance at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Balance at End of Period
		(In thousands)			
<S>	<C>	<C>	<C>	<C>	<C>
Year ended November 2, 2008					
Deducted from asset accounts:					
Allowance for uncollectible accounts		\$3,749	\$4,634		\$3,055 (a,b)    \$5,328
Work in process inventory reserve		4,230	(85)		4,145
Allowance for deferred tax assets		1,526	\$2,479 (c)		4,005
Unrealized (gain) loss on marketable securities		(148)		187 (d)	39
Year ended October 28, 2007					
Deducted from asset accounts:					
Allowance for uncollectible accounts		\$5,943	\$393		\$2,587 (a,b)    \$3,749

Work in process inventory reserve	4,327	(97)		4,230
Allowance for deferred tax assets	2,258		732 (c)	1,526
Unrealized gain on marketable securities	(87)		\$(61)(d)	(148)

Year ended October 29, 2006

Deducted from asset accounts:

Allowance for uncollectible accounts	\$5,654	\$2,670	\$2,381 (a,b)	\$5,943
Inventory reserve	2,506	1,821	4,327	
Allowance for deferred tax assets	4,760		2,502 (c)	2,258
Unrealized (gain) loss gain on marketable securities	(101)		\$14 (d)	(87)

</TABLE>

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

(b)--Includes foreign currency translation (loss) gain of \$(43) in 2008, \$119 in 2007 and (\$7) in 2006, respectively.

(c)--Charge or credit to income tax provision.

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

S-1

## INDEX TO EXHIBITS

### Exhibit Description

- 
- 2.1\* Asset Purchase Agreement dated as of July 29, 2008 among YPG Directories, LLC, YPG Systems, LLC and YPG Holdings Inc. and the Company, DataNational, Inc. and DataNational Georgia, Inc.
- 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, File No. 1-9232).
- 3.2 Certificate of Amendment of the Certificate of Incorporation of the Company, as filed with the Department of State of New York on April 10, 2007. (Exhibit 99.1 to the Company's Current Report on Form 8-K dated April 11, 2007, File No. 1-9232).
- 3.3 By-Laws of the Company. (Exhibit 3.2 to the Company's Current Report on Form 8-K dated December 26, 2007, File No. 1-9232).
- 4.1(a) Credit Agreement dated as of December 19, 2006 among Volt Delta Resources, LLC, the lenders party thereto and Wells Fargo Bank N.A., as administrative agent (Exhibit 99.1 to the Company's Current Report on Form 8-K dated December 22, 2006, File No. 1-9232).
- 4.1(b) Guarantee and Collateral Agreement dated as of December 19, 2006 made by each grantor thereto in favor of Wells Fargo Bank N.A., as administrative agent for all lenders party to the Credit Agreement (Exhibit 99.2 to the Company's Current Report on Form 8-K dated December 22, 2006, File No. 1-9232).
- 4.1(c) Amendment No. 1, dated as of August 1, 2007, to the Credit Agreement, dated as of December 19, 2006. (Exhibit 4.1(l) to the Company's Current Report on Form 8-K dated August 3, 2007, File No. 1-9232).
- 4.1(d) Form of Revolving Notes under the Credit Agreement, dated as of December 19, 2006. (Exhibit 4.1(n) to the Company's Current Report on Form 8-K dated August 3, 2007, File No. 1-9232).
- 4.1(e) Credit Agreement, dated as of February 28, 2008, among Volt Information Sciences, Inc., as the borrower, certain subsidiaries of the borrower, as the guarantors party thereto, the lenders party thereto, Bank of America, N.A., as administrative agent, swing line lender and L/C issuer, and JPMorgan Chase Bank, as syndication agent. (Exhibit 4.1(p) to the Company's Current Report on Form 8-K dated March 5, 2008, File No. 1-9232).

- 4.1(f) Waiver, dated as of August 14, 2008, to the Credit Agreement dated as of February 28, 2008. (Exhibit 4.1(q) to the Company's Current Report on Form 8-K dated August 20, 2008, File No. 1-9232).
- 4.1(g) Amended and Restated Receivables Purchase Agreement dated June 3, 2008 among Volt Information Funding Corp., the various buyers and buyer agents, the Company and PNC Bank as administrator for each buyer group. (Exhibit 10.01 to the Company's Quarterly Report on Form 10-Q for the quarter ended July 27, 2008 File No. 1-9232).
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- 10.2+ The Volt Information Sciences, Inc. 2006 Incentive Stock Plan. (Exhibit A to the Company's Proxy Statement on Form 14-A dated February 28, 2007, File No. 1-9232).
- 10.2(a)+ Form of Restricted Stock Agreement for Non-Employee Directors. (Exhibit 10.01 to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ended April 29, 2007, File No. 1-9232).
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- 10.5(b)+ Form of Indemnification Agreement (Exhibit 10.4(b) to the Company's Annual Report on Form 10-K for the fiscal year ended October 29, 2006, File No. 1-9232).
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- 23.\* Consent of Independent Registered Public Accounting Firm.
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- 31.2\* Certification of Principal Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- 32.1\* Certification of Principal Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 32.2\* Certification of Principal Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- + 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.

EXHIBIT 2.1

ASSET PURCHASE AGREEMENT

By  
and  
Among

YPG DIRECTORIES, LLC  
YPG SYSTEMS, LLC  
(Buyers)

and

YPG HOLDINGS INC.  
(Guarantor),  
on the one side,

and

VOLT INFORMATION SCIENCES, INC.,  
DATANATIONAL, INC., and  
DATANATIONAL OF GEORGIA, INC.  
(Sellers),  
on the other side.

Dated as of July 29, 2008

<TABLE>  
<CAPTION>

TABLE OF CONTENTS

<S>	<C>	<C>
1.	DEFINITIONS; CERTAIN RULES OF CONSTRUCTION.....	1
2.	ACQUISITION OF ASSETS BY THE BUYERS.....	13
2.1.	Purchase and Sale of Assets.....	13
2.2.	Excluded Assets.....	15
2.3.	Liabilities.....	15
2.4.	Purchase Price.....	17
2.5.	The Closing.....	18
2.6.	Deliveries by the Sellers and the Buyers.....	18

2.7.	Allocation of Purchase Price.....	20
2.8.	Post Closing Adjustment.....	21
3.	REPRESENTATIONS AND WARRANTIES OF THE SELLER.....	22
3.1.	Organization and Qualification of the Sellers.....	23
3.2.	Authorization of Transaction.....	23
3.3.	Governmental Authorization.....	23
3.4.	Noncontravention.....	23
3.5.	Brokers' Fees.....	24
3.6.	Assets; Ownership.....	24
3.7.	Legal and Other Compliance; Permits.....	24
3.8.	Consents.....	24
3.9.	Property and Equipment; Liens; Completeness of Acquired Assets.....	25
3.10.	Litigation.....	26
3.11.	Environmental Matters.....	26
3.12.	Affiliated Transactions.....	27
3.13.	Absence of Certain Developments.....	27
3.14.	Contracts.....	28
3.15.	Employment.....	29
3.16.	Certain Financial Information; Undisclosed Liabilities.....	30
3.17.	Taxes.....	31
3.18.	Insurance.....	32
3.19.	Customers and Suppliers.....	32

</TABLE>

<TABLE>  
<CAPTION>

<S>	<C>	<C>
3.20.	Intellectual Property.....	33
	-----	
3.21.	Publication of Directories.....	35
	-----	
3.22.	Intercompany Settlements.....	35
	-----	
3.23.	Books and Records.....	35
	-----	
4.	REPRESENTATIONS AND WARRANTIES OF THE BUYERS AND THE GUARANTOR.....	35
	-----	
4.1.	Organization and Qualification of the Buyers.....	36
	-----	
4.2.	Authorization of Transaction.....	36
	-----	
4.3.	Government Authorization.....	36
	-----	
4.4.	Noncontravention.....	36
	-----	
4.5.	Brokers' Fees.....	36
	-----	
4.6.	Necessary Funds.....	36
	-----	
5.	COVENANTS.....	36
	-----	
5.1.	Covenants of the Sellers Relating to Conduct of the Business.....	36
	-----	
5.2.	Payment Received.....	39
	-----	
5.3.	Commercially Reasonable Efforts.....	39
	-----	
5.4.	Access to Books, Records, etc.....	41
	-----	
5.5.	Confidentiality.....	41
	-----	
5.6.	Post-Closing Cooperation.....	42
	-----	
5.7.	Non-Assignable Assets.....	43
	-----	
5.8.	Responsibility for Taxes and Tax Returns.....	44
	-----	
5.9.	Sales Taxes, Transfer Taxes and Fees.....	45
	-----	
5.10.	Wage Reporting.....	45
	-----	
5.11.	Landlord Estoppel Certificates.....	45
	-----	
5.12.	Use of Office Space.....	45
	-----	

5.13.	Employment Matters.....	45
5.14.	Non-competition.....	46
5.15.	Non-solicitation.....	46
5.16.	License Agreements.....	46
5.17.	Seller Release.....	46
5.18.	Exclusivity.....	46
5.19.	Publicity.....	47

</TABLE>

<TABLE>

<CAPTION>

	<S>	<C>
5.20.	Corporate Name.....	47
5.21.	Insurance.....	47
5.22.	Automobiles.....	47
5.23.	Accounting Services.....	47
5.24.	URL Redirect.....	47

6.	CONDITIONS PRECEDENT.....	47
6.1.	Conditions to Each Party's Obligation to Effect the Closing.....	47
6.2.	Conditions to Obligations of the Buyers.....	48
6.3.	Conditions to Obligation of the Sellers.....	49
7.	INDEMNIFICATION.....	50
7.1.	Indemnification.....	50
7.2.	Time Limitations.....	52
7.3.	Monetary Limitations.....	52
7.4.	Tax Indemnity.....	53
7.5.	Third Party Claims.....	54



7.6.	Remedies Cumulative; Sole Remedy.....	56
7.7.	Purchase Price Adjustment.....	56
7.8.	Insurance Recoveries.....	56
8.	TERMINATION.....	56
8.1.	Termination Events.....	56
8.2.	Effect of Termination.....	59
9.	GUARANTY.....	57
9.1.	Guaranty.....	57
10.	MISCELLANEOUS.....	57
10.1.	Entire Agreement.....	57
10.2.	Succession and Assignment; No Third-Party Beneficiary.....	57
10.3.	Counterparts.....	58
10.4.	Headings.....	58
10.5.	Notices.....	58
10.6.	Mail.....	59
10.7.	Governing Law.....	59
10.8.	Amendments and Waivers.....	59
10.9.	Severability.....	60
10.10.	Expenses.....	60

</TABLE>

<TABLE>

<CAPTION>

<S>	<C>	<C>
10.11.	Construction.....	60
10.12.	Schedules; Listed Documents, etc.....	60
10.13.	Jurisdiction.....	60

10.14.	Venue.....	61
10.15.	Service of Process.....	61
10.16.	Further Assurances.....	61
10.17.	Waiver of Jury Trial.....	61

</TABLE>

Exhibits

Exhibit A-1	Bill of Sale
Exhibit A-2	Assignment and Assumption of Lease
Exhibit A-3	Intellectual Property Assignment
Exhibit B	Instrument of Assignment and Assumption
Exhibit C	Transition Services Agreement
Exhibit D	Sellers' Legal Opinion
Exhibit E	Current Assets of the Business
Exhibit F	Current Liabilities of the Business
Exhibit G	Landlord Estoppel Certificate
Exhibit H	Summary of Terms of Office Sublease
Exhibit I	[Intentionally omitted]
Exhibit J	[Intentionally omitted]
Exhibit K	Non-competition and Non-solicitation Covenants
Exhibit L	Summary of Terms of Uruguay Support Agreement

Schedules

Schedule I	Seller Employees
Schedule II	Sample Estimated Collection Adjustment Statement
Schedule III	Permitted Liens
Schedule IV	Allocation of Purchase Price

Disclosure Schedules

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (this "Agreement") is dated as of July 29, 2008, by and among, YPG DIRECTORIES, LLC, a Delaware limited liability company ("YPG Directories"), YPG SYSTEMS, LLC, a Delaware limited liability company ("YPG Systems" and with YPG Directories, the "Buyers"), and YPG HOLDINGS INC., a corporation governed by the laws of Canada (the "Guarantor"), on the one side, and VOLT INFORMATION SCIENCES, INC., a New York corporation (the "Parent"), DATANATIONAL, INC., a Delaware corporation (the "DE Sub"), and DATANATIONAL OF GEORGIA, INC., a Georgia corporation (the "GA Sub", and together with the Parent and DE Sub, the "Sellers"; and, individually, each a "Seller"), on the other side. The Buyers, the Guarantor and the Sellers are collectively referred to herein as the "Parties."

WHEREAS, the Sellers desire to sell to the Buyers, and the Buyers desire to purchase from the Sellers, the assets used or held for use in the Business (as defined below) on the terms and subject to the conditions set forth herein; and

WHEREAS, in connection with the purchase and sale of such assets, the Buyers are willing to assume certain liabilities of the Sellers on the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows:

#### 1. DEFINITIONS; CERTAIN RULES OF CONSTRUCTION.

For the purposes of this Agreement: (i) words (including capitalized terms defined herein) in the singular shall be held to include the plural and vice versa and words (including capitalized terms defined herein) of one gender shall be held to include the other gender as the context requires; (ii) the terms "hereof," "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole (including all of the Exhibits) and not to any particular provision of this Agreement, and Article, Section and paragraph references shall be to the Articles, Sections and paragraphs of this Agreement, unless otherwise specified; (iii) the word "including" and "include" and words of similar import when used in this Agreement mean "including without limitation"; and (iv) all references herein to "\$" or dollars shall refer to United States dollars, unless otherwise specified.

As used herein, the following terms will have the following meanings:

"Acquired Assets" has the meaning set forth in Section 2.1.

"Action" means any claim, action, cause of action or suit (whether in contract or tort or otherwise), litigation (whether at law or in equity and whether civil or criminal), controversy, assessment, arbitration, investigation, hearing, charge, complaint, demand, notice or proceeding to, from, by or before any Governmental Authority.

"Adjusted Net Purchase Price" shall have the meaning set forth in Section 2.8(e).

"Adjustment for Collection" shall mean, for each Telephone Directory not published as of the Closing, all revenues collected by the Sellers at such time, calculated as deferred income minus accounts receivable unpublished (as reflected in the schedule of deferred income in the combined financial statements of the DE Sub and the GA Sub and in the Ordinary Course of Business) and calculated in accordance with the sample Estimated Collection Adjustment Statement attached hereto as Schedule II (which, solely for illustrative purposes, was prepared as though the Closing had occurred on May 25, 2008).

"Affiliate" means, as to any specified Person at any time, each Person who is directly or indirectly controlling, controlled by or under direct or indirect common control with such specified Person at such time.

"Agreement" has the meaning set forth in the preamble.

"Assigned Intellectual Property" means Intellectual Property owned, held for use, licensed or used by the Sellers or any of their respective Affiliates in connection with the Business including all rights to use the name "DataNational", as well as the right to sue and recover damages for any past, current or future infringements, dilution, misappropriations, misuses, violations, unlawful imitation or breaches of any such Intellectual Property.

"Assignment and Assumption of Lease" has the meaning set forth in Section 2.6(a).

"Assumed Contracts" has the meaning set forth in Section 2.1(e).

"Assumed Liabilities" has the meaning set forth in Section 2.3.

"Assigned Software" has the meaning set forth in Section 3.20(h).

"Bill of Sale" has the meaning set forth in Section 2.6(a).

"Business" means the operations of the Sellers related to the Parent's "telephone directory" segment (as shown in the Parent's financial statements contained in the 2007 annual report on Form 10-K filed with the Securities and Exchange Commission) including (i) the Telephone Directories business known as DataNational carried on and conducted by the Sellers as of the date of this Agreement and (ii) the "Directory Systems/Services" business carried on and conducted by the Sellers as of the date of this Agreement, including developing

and operating proprietary software, publishing, invoicing and marketing, in each case, for Telephone Directories, but excluding any assets that are used exclusively in the Parent's "telephone directory" segment's operations in Uruguay.

"Business Day" means a day, other than Saturday, Sunday or other day on which commercial banks in New York, New York or Montreal, Canada are authorized or required by law to close.

"Buyers' Assumed Payroll" means the salaries and benefits payable to the Seller Employees hired by the Buyers and directly associated employment and withholding Taxes related to the Seller Employees hired by the Buyers for the week immediately preceding the date on which the Closing Date occurs, provided that such employment period shall never exceed five (5) weekdays and no amount shall be included in this definition without duplication to the extent it is included in Exhibit F (with respect to accrued expenses related to employees' salaries and benefits).

-2-

"Buyers Dispute Notice" has the meaning set forth in Section 2.4(b).

"Buyers Indemnified Person" has the meaning set forth in Section 7.1(a).

"Buyers' Representatives" has the meaning set forth in Section 5.4.

"Buyers' Tax Returns" has the meaning set forth in Section 5.8(a).

"Buyers" has the meaning set forth in the preamble.

"Cap" has the meaning set forth in Section 7.3(a).

"Cash" means, as of any date of determination, the cash and cash equivalents (including, but not limited to marketable securities), each as determined in accordance with GAAP, of the Sellers related to the Business as of the close of business as of such date.

"CERCLA" means the federal Comprehensive Environmental Response Compensation and Liability Act of 1980, as amended.

"Closing" has the meaning set forth in Section 2.5.

"Closing Date" has the meaning set forth in Section 2.5.

"Closing Documents" has the meaning set forth in Section 2.6.

"Closing Payment" has the meaning set forth in Section 2.4(a).

"COBRA" has the meaning set forth in Section 5.13.

"Code" means the Internal Revenue Code of 1986, as amended.

"Contemplated Transactions" means the transactions as contemplated by this Agreement and the other Transaction Documents.

"Contractual Obligation" means, with respect to any Person, any contract, agreement, purchase order, deed, mortgage, lease, license, promise, commitment, undertaking, arrangement or understanding, whether written or oral and whether express or implied, or other document or instrument, including without limitation any document or instrument evidencing or otherwise relating to any Debt or Guarantee (but excluding the charter and by-laws of such Person), to which or by which such Person is a Party or otherwise subject or bound or to which or by which any property, business, operation or right of such Person is subject or bound.

"Current Assets of the Business" shall mean the sum of the current asset accounts of the Business identified on Exhibit E as of 12:01 a.m. (New York City time) on the Closing Date, in each case to the extent such accounts reflect Acquired Assets, calculated in accordance with GAAP provided that such current assets shall not include Tax assets.

-3-

"Current Liabilities of the Business" shall mean the sum of the current liability accounts of the Business identified on Exhibit F as of 12:01 a.m. (New York City time) on the Closing Date, in each case to the extent such accounts reflect Assumed Liabilities, calculated in accordance with GAAP. Current Liabilities of the Business shall include the employee compensation owed to employees of the Business for the Buyers' Assumed Payroll and any directly associated benefit expense, employment taxes and withholding taxes.

"Debt" of any Person means all obligations of such Person (i) for borrowed money, (ii) evidenced by notes, bonds, debentures or similar Contractual Obligation or upon which interest charges are customarily paid, (iii) for deferred purchase price of property, goods or services, except current accounts payable arising in the ordinary course of business of such Person, (iv) under conditional sale or other title retention agreements relating to property purchased by such Person and all capitalized lease obligations, (v) arising out of obligations of third party secured by property or assets of such Person (regardless of whether or not such Person is liable for repayment of such obligations), (vi) in respect of letters of credit and bankers' acceptances, (vii) for Contractual Obligations relating to interest rate protection, swap agreements and collar agreements, (viii) in the nature of Guarantees of the obligations described in clauses (i) through (vii) above of any other Person or (ix) any prepayment or similar penalties for any of the foregoing.

"DE Sub" has the meaning set forth in the preamble.

"Disclosure Letter" has the meaning set forth in Section 3.

"Disputes Auditor" means any nationally recognized independent registered public accounting firm mutually agreed upon by the Sellers and the Buyers.

"EBITDA" means operating income before interest expense, income tax expense, depreciation and amortization, non-recurring items, and after allocation of overhead expenses.

"Effective Time" means 11:59 p.m., New York City time, on the date immediately preceding the Closing Date.

"Employee Plans" means any "employee benefit plan" (as defined in Section 3(3) of ERISA, whether or not subject to ERISA), any other bonus, profit sharing, compensation, pension, retirement, savings, severance, deferred compensation, fringe benefit, insurance, welfare, post-retirement health or welfare benefit, health, life, stock option, stock purchase, restricted stock, tuition refund, service award, company car or car allowance, scholarship, housing or living allowances, relocation, disability, accident, sick pay, sick leave, accrued leave, vacation, holiday, termination, unemployment, individual employment, independent contractor, consulting, executive compensation, incentive, commission, payroll practices, retention, change in control, non-competition, other material plan, agreement, policy, trust fund or arrangement (whether written or unwritten, insured or self-insured).

"Employment Taxes" has the meaning set forth in Section 5.8(b).

-4-

"Enforceable" means, with respect to any Contractual Obligation stated to be Enforceable by or against any Person, that such Contractual Obligation is a legal, valid and binding obligation of such Person enforceable by or against such Person in accordance with its terms, except to the extent that enforcement of the rights and remedies created thereby is subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws of general application affecting the rights and remedies of creditors and to general principles of equity (regardless of whether enforceability is considered in a proceeding in equity or at law).

"Environmental Laws" means all applicable federal, state and local statutes, rules, orders, judgments, permits, regulations, and ordinances or the common law concerning or relating to the environment, occupational health and safety, pollution, or protection of public health including without limitation all those relating to the generation, manufacture, processing, import, export, labeling, recycling, registration, investigation, documentation, use, handling, transportation, treatment, storage, remediation, disposal, Release, or threatened Release of any Materials of Environmental Concern, as such requirements are enacted and in effect on or prior to the Closing Date,

including, without limitation, any statute, regulation, administrative decision or order pertaining to: (i) air, water, and noise pollution, (ii) groundwater and soil contamination, (iii) the Release, threatened Release, or accidental Release into the environment, the workplace or other areas of Materials of Environmental Concern, including emissions, discharges, injections, spills, escapes or dumping of Materials of Environmental Concern, (iv) transfer of interests in or control of real property which may be contaminated, (v) community or worker right-to-know disclosures with respect to Materials of Environmental Concern, (vi) the protection of wild life, marine life and wetlands, and endangered and threatened species, (vii) storage tanks, vessels, containers, abandoned and discarded barrels and other closed or breached receptacles, and (viii) health and safety of employees and other persons. As used in this Agreement, the term "Release" shall have the meaning set forth in CERCLA.

"Equity Interests" means (a) any capital stock, share, partnership or membership interest, unit of participation or other similar interest (however designated) in any Person and (b) any option, warrant, purchase right, conversion right, exchange right or other Contractual Obligation which would entitle any Person to acquire any such interest in such Person or otherwise entitle any Person to share in the equity, profit, earnings, losses or gains of such Person (including stock appreciation, phantom stock, profit participation or other similar rights).

"ERISA" means the Employment Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder, or any successor statute, rules and regulations thereto.

"ERISA Affiliate" means any entity (whether or not incorporated) that is treated as a single employer together with the Sellers under Section 414(b) or (c) of the Code and, with respect to Section 412 of the Code, under Section 414(m) or (o) of the Code or Section 4001(b) of ERISA.

"Estimated Adjustment for Collection" has the meaning set forth in Section 2.4(a).

"Estimated Collection Adjustment Statement" has the meaning set forth in Section 2.4(a).

-5-

"Excluded Assets" has the meaning set forth in Section 2.2.

"Excluded Liabilities" has the meaning set forth in Section 2.3.

"Facilities" means any and all buildings and other structures, improvements and fixtures located on the Real Property.

"Final Closing Statement" has the meaning set forth in Section 2.8(d).

"Financial Information" shall mean the following financial information related to the Business and prepared without audit but in accordance with GAAP (but does not include footnotes) applied on a consistent basis throughout the periods covered thereby, including the application of the pro forma adjustments contained therein to reflect the Business on a stand alone basis: (a) balance sheets and statements of income as of and for the fiscal years ended October 30, 2005, October 29, 2006, and October 28, 2007; (b) a balance sheet and a statement of income as of and for the six (6) month period ended April 27, 2008; and (c) a balance sheet and a statement of income as of and for the months ended May 25, 2008 and June 22, 2008.

"FIRPTA Certificate" has the meaning set forth in Section 2.6(d).

"GAAP" means United States generally accepted accounting principles consistently applied.

"GA Sub" has the meaning set forth in the preamble.

"Governmental Authority" means any United States federal, state, local or foreign government, or political subdivision thereof, or any multinational organization or authority, or any authority, agency or commission entitled to exercise any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, or any court or tribunal (or any

department, bureau or division thereof), or any arbitrator or arbitral body.

"Guarantee" means, with respect to any Person, (i) any guarantee of the payment or performance of, or any contingent obligation in respect of, any Debt or other obligation of any other Person, (ii) any other arrangement whereby credit is extended to one obligor on the basis of any promise or undertaking of another Person (A) to pay the Debt or other Liability of such obligor, (B) to purchase any obligation owed by such obligor, (C) to purchase or lease assets under circumstances that would enable such obligor to discharge one or more of its obligations or (D) to maintain the capital, working capital, solvency or general financial condition of such obligor, or (iii) any liability as a general partner of a partnership or as a venturer in a joint venture in respect of Debt or other obligations of such partnership or venture.

"Guarantor" has the meaning set forth in the preamble.

"Hazardous Materials" means all explosive or radioactive materials or substances, hazardous or toxic substances, wastes or chemicals, petroleum (including crude oil or any fraction thereof) and all other materials or chemicals regulated pursuant to any Environmental Law, provided, however, Hazardous Materials shall exclude routine office cleaning supplies used in the Ordinary Course of Business.

-6-

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Indemnified Party" has the meaning set forth in Section 7.2.

"Indemnifying Party" has the meaning set forth in Section 7.2.

"Instrument of Assignment and Assumption" has the meaning set forth in Section 2.6(b).

"Intellectual Property Assignment" has the meaning set forth in Section 2.6(a).

"Intellectual Property" or "Intellectual Property Rights" means all proprietary and intellectual property rights, in any jurisdiction, whether owned or held for use or 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 (collectively, "Trademarks"); (ii) patents and pending patent applications (including all provisionals, divisionals, continuations, continuations-in-part, re-examination and reissue patents), utility models, inventors' certificates, invention disclosures, inventions, and discoveries (collectively, "Patents"); (iii) 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; in each case whether patentable, copyrightable or not ("Trade Secrets"); (iv) software 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 (collectively, "Software"); (v) all copyrights, including copyright registrations and applications to register copyrights, including for writings and other works of authorship, product documentation, marketing materials, brochures and training materials ("Copyrights"); (vi) rights to limit the access, use or disclosure of Confidential Information by any Person; (vii) rights of privacy and publicity; and (viii) any technology owned, held for use, licensed or used by the Sellers in connection with the Business, that may not be deemed to be not encompassed in the aforementioned sub-definitions, including without limiting the generality of the foregoing specifications, financial, marketing and business data, analytical models, customer and supplier lists, and engineering data; show-how and know-how. Each of the foregoing includes without

limitation all registrations of, and applications to register, with any government authority and any renewals or extensions thereof; the goodwill associated with each of the aforementioned categories; and any past, present or future claims or causes of action or defenses arising out of or related to any of the foregoing.

"IRS" means the United States Internal Revenue Service or any successor thereto.

-7-

"Key Seller Employees" means those Seller Employees listed on Schedule 6.2(i)(x).

"Large Basket" has the meaning set forth in Section 7.3(a).

"Leases" means, collectively, the Real Property Leases and the Personal Property Leases.

"Legal Requirement" means any United States federal, state, local or foreign law, statute, standard, ordinance, code, rule, regulation, resolution or promulgation, or any order, judgment or decree of any Governmental Authority, or any similar provision having the force and effect of law.

"Liability" means, with respect to any Person, any liability or obligation of such Person whether known or unknown, whether asserted or unasserted, whether determined, determinable or otherwise, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, whether incurred or consequential, whether due or to become due and whether or not required under GAAP to be accrued on the financial statements of such Person.

"Lien" means, with respect to any property or asset, any mortgage, lien, pledge, charge, security interest, community or other marital property interest, equitable interest, license, option, right of way, easement, encroachment, servitude, right of first offer or first refusal, buy/sell agreement or other encumbrance with respect to the use, construction, voting (in the case of any security or equity interest), transfer, receipt of income or exercise of any other attribute of ownership in respect of such property or asset.

"Listings" means the name, street address (including suite or apartment number) and telephone number of a business or residential telephone subscriber.

"Losses" means, collectively, any Actions, Liabilities, governmental orders, Liens, losses, damages, diminution of value, bonds, dues, assessments, fines, penalties, Taxes, fees, costs (including costs of investigation, defense and enforcement of this Agreement), expenses or amounts paid in settlement (in each case, including reasonable attorneys' and experts' fees and expenses), whether or not involving a Third Party Claim. Losses shall only include actual damages and shall not include any punitive damages.

"Maintech Amendment Agreement" means the amendment, reasonably acceptable to Buyers, to add each Buyer as a party and to include all services received from Maintech as of the date of this Agreement, dated on or around the Effective Time, to the Maintenance Agreement, effective as of April 4, 2007, between Volt Delta Resources, LLC (Maintech Division) and Volt Directory, Inc., and the related Maintech server service contracts.

"Material Adverse Effect" means any change in, or effect on, the Business, the Acquired Assets or the Assumed Liabilities that, when considered either individually or in the aggregate, (i) has had or would reasonably be expected to have a material adverse effect on the condition (financial or otherwise), operations, assets or prospects of the Business or would impair the ability to consummate the Contemplated Transactions, other than those resulting from general economic conditions affecting the industry in which the Business is carried on or (ii) would prevent or materially impair the consummation of the Contemplated Transactions.

-8-

"Materials of Environmental Concern" means (i) any pollutants, contaminants, or hazardous substances (as such terms are defined under CERCLA), pesticides, (as such term is defined under the Federal Insecticide, Fungicide and Rodenticide Act), hazardous wastes (as such term is defined under the



Resource Conservation and Recovery Act), other hazardous, radioactive or toxic materials, oil, petroleum and petroleum products (and fractions thereof), or any other material listed or subject to regulation under any law, statute, rule, regulation, permit, or directive due to its potential, directly or indirectly, to harm the environment or the health of humans or other living beings, including, without limitation, those substances defined or regulated as hazardous or toxic under Environmental Laws.

"Net Purchase Price" has the meaning set forth in Section 2.4(a).

"Non-competition and Non-solicitation Agreement" means the agreement in form and substance agreed to by the Parties containing the covenants set forth in Exhibit K hereto.

"Notice of Communication" has the meaning set forth in Section 5.3(b).

"Office Lease" means the Real Property Lease for the Real Property described in Exhibit H.

"Office Sublease" means the sublease from the Sellers to the Buyers containing the terms set forth in Exhibit H, in satisfactory form to the landlord, the Sellers and the Buyers, of the Real Property described in Exhibit H.

"Ordinary Course of Business" means an action taken by any Seller in the ordinary course of such Seller's Business which is consistent with past customs and practices of such Seller (including past practice with respect to quantity, amount, magnitude and frequency, standard employment, inventory and payroll policies) which is taken in the ordinary course of the normal day-to-day operations of such Seller.

"Organizational Documents" means, with respect to any Person (other than an individual), (a) the certificate or articles of incorporation or organization and any joint venture, limited liability company, operating or partnership agreement and other similar documents adopted or filed in connection with the creation, formation or organization of such Person and (b) all by-laws, voting agreements and similar documents, instruments or agreements relating to the organization or governance of such Person, in each case, as amended or supplemented.

"Outside Date" shall mean October 31, 2008.

"Parent" has the meaning set forth in the preamble.

"Parties" has the meaning set forth in the preamble.

"Party" means any of the Parties individually.

"Permitted Liens" means (i) statutory or common law liens to secure landlords, lessors or renters under real or personal property leases or rental agreements to the extent that no payment or performance under any such lease or rental agreement is in default, arrears or is otherwise past due, (ii) deposits or pledges made in connection with, or to secure payment of, workers' compensation, unemployment insurance or old age pension programs mandated under applicable laws, (iii) statutory or common law liens in favor of carriers, warehousemen, mechanics and materialmen, statutory or common law liens to secure claims for labor, materials or supplies and other like liens, which secure obligations to the extent the payment thereof is not in arrears or otherwise past due, and (iv) any other Liens set forth on Schedule III specified as a Permitted Lien; provided that each of clauses (i), (ii), (iii) and (iv) shall only include such Liens that relate to the Business.

-9-

"Person" means an individual, a partnership, a corporation, an association, a joint stock company, a limited liability company, a business trust, a trust, a joint venture, an unincorporated organization, a Governmental Authority, an estate or other entity or organization of any kind.

"Personal Property" has the meaning set forth in Section 2.1(a).

"Personal Property Leases" has the meaning set forth in Section 2.1(b).

"Policies" has the meaning set forth in Section 3.16(c).

"Post-Effective Time Tax Period" means (a) any Tax period beginning after the Effective Time and (b) with respect to any Straddle Period, the portion of such period beginning after the Effective Time.

"Pre-Effective Time Tax Period" means (a) any Tax period ending on or before the Effective Time and (b) with respect to any Straddle Period, the portion of such period ending on or before the Effective Time.

"Preliminary Closing Statement" has the meaning set forth in Section 2.8(a)(i).

"Purchase Price" has the meaning set forth in Section 2.4(a).

"Real Property" means, collectively, each real property, premises or location used or held for use in connection with, the conduct of the Business.

"Real Property Leases" has the meaning set forth in Section 2.1(b).

"Records" has the meaning set forth in Section 2.1(j).

"Related Person" means, with respect to a particular individual:

- (a) each other member of such individual's Family (as defined below);
- (b) any Person that is directly controlled by such individual or one or more members of such individual's Family;
- (c) any Person in which such individual or members of such individual's Family hold (individually or in the aggregate) a Material Interest (as defined below); or

-10-

- (d) any Person with respect to which such individual or one or more members of such individual's Family serves as a director, officer, manager, partner, executor or trustee (or in a similar capacity).

With respect to a specified Person other than an individual:

- (a) any Person that holds a Material Interest in such specified Person (as defined below);
- (b) each Person that serves as a director, officer, partner, executor or trustee of such specified Person (or in a similar capacity);
- (c) any Person in which such specified Person holds a Material Interest (as defined below);
- (d) any Person with respect to which such specified Person serves as a general partner or a trustee (or in a similar capacity); or
- (e) any Related Person of any individual described in clause (a) or (b).

For purposes of this definition, (a) the "Family" of an individual includes (i) the individual, (ii) the individual's spouse, (iii) any other natural person who is related to the individual or the individual's spouse within the first degree, and (iv) any other natural person who resides with such individual, and (b) "Material Interest" means direct or indirect beneficial ownership (as defined in Rule 13d-3 under the Securities Exchange Act of 1934, as amended) of voting securities or other voting interests representing at least five percent (5%) of the outstanding voting power of a Person or equity securities or other equity interests representing at least five percent (5%) of the outstanding equity securities or equity interests in a Person.

"Release" has the meaning set forth in the definition of Environmental Laws.

"Retained Contracts" has the meaning set forth in Section 3.14(a).

"Sales Tax" has the meaning set forth in Section 5.9.

"Seller Dispute Notice" has the meaning set forth in Section 2.8(b).

"Seller Employee" means all of those individuals who are actively employed by the Sellers in connection with the Business as of the Effective Time, whether on a full-time or part-time basis, and who are listed on Schedule I.

"Sellers Indemnified Person" has the meaning set forth in Section 7.1(b).

"Seller Plan" means an Employee Plan that the Sellers or any of their Affiliates sponsor, maintain, contribute to or are obligated to contribute to, or under which the Sellers or any of their Affiliates have or may have any liability, directly or indirectly, or which benefits any current or former employee, director, consultant or independent contractor of the Sellers or any of their Affiliates or the beneficiaries or dependents of such person, by or on behalf of the Sellers or any of their Affiliates.

-11-

"Seller" and "Sellers" have the meanings set forth in the preamble.

"Sellers' Consents" has the meaning set forth in Section 3.8.

"Sellers' Knowledge" means the actual knowledge, after reasonable investigation, of Scott Bialor, Louise Ross, Ron Cunigan, Gerard DiPippo, Jack Egan, Robert Epstein, Dave Gilbert, Ron Kochman, Steven Shaw, Greg Shearer and Ed Valentine.

"Significant Leases" shall mean the leases set forth on Schedule 3.9(f).

"Small Basket" has the meaning set forth in Section 7.3(a).

"Software" has the meaning set forth in the definition of Intellectual Property.

"Straddle Period" has the meaning set forth in Section 5.8(b).

"Tax" or "Taxes" means (i) any United States federal, state, or local or any non-United States income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental, customs duties, capital stock, franchise, profits, withholding, social security (or similar, including FICA), unemployment, disability, real property, personal property, sales, use, ad valorem, license, transfer, registration, value added, alternative or add-on minimum, estimated, or other tax of any kind or any charge of any kind whatsoever, including any interest, penalty, or addition, in each case whether disputed or not, and (ii) any liability for the payment of any amounts of the type described in clause (i) of this definition as a result of being a member of an affiliated, consolidated, combined or unitary group for any period, as a result of any tax sharing or tax allocation agreement, arrangement or understanding, or as a result of being liable for another person's taxes as a transferee or successor, by contract or otherwise.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Taxing Authority" means the IRS and any other Governmental Authority responsible for the administration of any Tax.

"Telephone Directory" means a compilation of Listings organized alphabetically, by subject or any other means of classification, or compiled in a manner designed to facilitate search and retrieval, and which is intended for public dissemination, regardless of the distribution medium in which such Listings are published, produced or otherwise offered or made available to end-users, whether now known or later developed (including print media, CD-ROM or other disk, computer, telephone, television, cable, electronic kiosk or similar device, cellular phone, personal organizer or other hand-held device, Internet or combination of multiple media) or whether such end-users are charged for such Listings information.

-12-

"Third Party Claim" has the meaning set forth in Section 7.5(a).

"Transaction Documents" means this Agreement and each Closing Document.

"Transfer Taxes" has the meaning set forth in Section 5.9.

"Transition Services Agreement" has the meaning set forth in Section 2.6(c).

"Treasury Regulations" means the Treasury Regulations (including Temporary Regulations) promulgated by the United States Department of Treasury with respect to the Code or other United States federal Tax statutes.

"United States" means the United States of America.

"Uruguay Support Agreement" means the agreement, dated on or around the Effective Time, from the Buyers to the Sellers, containing the terms set forth in Exhibit L.

"WARN" shall have the meaning set forth in Section 3.15(b).

"YPG Directories" has the meaning set forth in the preamble.

"YPG Systems" has the meaning set forth in the preamble.

## 2. ACQUISITION OF ASSETS BY THE BUYERS.

2.1. Purchase and Sale of Assets. The Sellers agree to sell and transfer to the Buyers, and the Buyers agree to purchase and acquire from the Sellers, at the Closing, subject to the exclusions contained in Section 2.2 and subject to and upon the other terms and conditions contained herein, all of the Sellers' right, title and interest in and to all of the assets, properties and rights of the Sellers which are used or maintained in connection with the Business of whatever nature, kind and description, whether tangible or intangible (including goodwill) wherever located (collectively, the "Acquired Assets") free and clear of any Liens and Liabilities, other than Permitted Liens and Assumed Liabilities. The Acquired Assets shall include, without limitation, the following assets and rights of the Sellers used in the Business:

(a) (i) the tangible personal property and leasehold improvements, including machinery, equipment, computer hardware, telecommunications systems, alarm systems, tools, furniture, fixtures, furnishings and shelving, owned by the Sellers as of the date hereof and used in the conduct of the Business, each as set forth on the fixed asset register attached hereto as Schedule 2.1(a)(i), and (ii) the inventories and supplies owned by the Sellers as of the date hereof for use in connection with the conduct of the Business, each as set forth on Schedule 2.1(a)(ii) (collectively with the items set forth on Schedule 2.1(a)(i), the "Personal Property");

(b) all rights of each Seller (i) as tenant under the leases, subleases, licenses or other type of use or occupancy agreements relating to any Real Property (collectively, the "Real Property Leases"), and (ii) under the leases relating to such Personal Property as is used in the Business (collectively, the "Personal Property Leases"), which Real Property Leases and Personal Property Leases are set forth on Schedule 2.1(b);

-13-

(c) all Cash generated by the operation of the Business after the Effective Time;

(d) all rights of the Sellers to the telephone numbers used in the Business, as set forth on Schedule 2.1(d);

(e) all of the Sellers' rights under the Contractual Obligations of the Sellers used in the conduct of the Business listed on Schedule 2.1(e) (the "Assumed Contracts") and all outstanding offers or solicitations made by or to the Sellers to enter any Contractual Obligation related to the Business;

(f) Assigned Intellectual Property, including as set forth in Schedule 2.1(f);

(g) Intentionally omitted;

(h) all licenses, permits, consents, certificates, franchises or

other governmental authorizations used in the conduct of the Business, other than any such licenses, permits, consents, certificates, franchises or other governmental franchises which cannot be legally transferred, which non-transferable governmental authorizations are listed on Schedule 2.1(h);

(i) software licenses and other licenses granting rights or providing access to technology that is exclusively used in the Business, or if used in the Business and other businesses retained by the Sellers, then such portion of such licenses that are used in the Business, to the extent such licenses can be divided, sublicensed or proportionally transferred;

(j) all books, records, files, printouts, drawings, data, files, notes, notebooks, accounts, invoices, correspondence, specifications, creative materials, customer lists, databases, financial, business, scientific, technical, economic or engineering information, patterns, plans, compilations, advertising or promotional materials, marketing materials, studies, reports, memoranda or papers (collectively, the "Records") in the Sellers' possession, whether in hard copy, electronic or other format, currently used in the conduct of the Business; provided, however, such Records shall not include any original (i) employee personnel files or (ii) accounting and Tax Records, but shall include copies thereof;

(k) all goodwill associated with the Business or the Acquired Assets, together with the right to represent to third parties that the Buyers are the successor to the Business;

(l) without duplication, all current assets listed on Exhibit E;

(m) all proceeds received or receivable by the Sellers under insurance policies as a result of any damage to or destruction of any Acquired Asset that occurs during the period between the date hereof and the Closing (but excluding any proceeds due under business interruption insurance) to the extent the Sellers have not used such proceeds to repair or replace such damaged or destroyed Acquired Assets;

(n) all lockboxes of the DE Sub and GA Sub, including those held at Bank of America; and

-14-

(o) other than the categories of assets enumerated in subsections (a) through (n) of this Section 2.1, all other assets of the Sellers of every kind and description, tangible or intangible, used in the conduct of the Business, other than the Excluded Assets.

For the avoidance of doubt, except as set forth in this Section 2.1, any assets of the Sellers that are used in the operation of the Business, as of the date hereof, shall be Acquired Assets.

2.2. Excluded Assets. Notwithstanding any provision in the Transaction Documents to the contrary, the Buyers agree that none of the following assets, properties, rights or interests of the Sellers (the "Excluded Assets") shall be Acquired Assets:

(a) the consideration delivered to the Sellers by the Buyers pursuant to the Transaction Documents;

(b) all rights of each Seller arising under the Transaction Documents;

(c) other than as described in Section 2.1(m), all rights in and with respect to insurance policies of each Seller;

(d) any governmental authorization listed in Schedule 2.1(h);

(e) refunds or claims for refunds of Taxes paid by the Sellers;

(f) except as set forth in Section 5.24, all rights to use the name "Volt", including any names under which the Sellers currently conduct the Business (other than the Trademarks and domain names as set out in Schedule 3.20(a) section (ii) (Domain Names) and section (iv) (Trademarks);

(g) any Cash owned by the Sellers as of the Effective Time;

(h) all minute books, stock records and corporate seals (provided the Buyers shall have the right to inspect such items, other than those of the Parent, upon reasonable notice at the Parent's New York City location);

(i) any and all assets that are used exclusively in the operations of the Parent or its Affiliates in Uruguay; and

(j) [intentionally omitted]; and

(k) any other item specifically listed on Schedule 2.2(k).

For the avoidance of doubt, any assets of the Sellers that are not currently used in the operation of the Business, as of the date hereof, shall be Excluded Assets.

2.3. Liabilities. Notwithstanding any provision in this Agreement or any other writing to the contrary, the Buyers are not assuming any Liability of the Sellers or any of the Sellers' respective Affiliates of whatever nature, whether presently in existence or arising hereafter, other than (i) the Current Liabilities of the Business (excluding Liabilities for any Taxes other than those assumed by the Buyers in clause (ii), the current portion of any Debt or Guarantee, claims for severance and/or change of control payments, and claims arising under Employee Plans, and other current Liabilities not related to the Acquired Assets, in each case that were generated prior to the Effective Time) outstanding as of the Effective Time as determined in accordance with GAAP (in each case, as they exist at the Effective Time provided they are related to the Acquired Assets) and (ii) property, Sales and Employment Taxes specifically allocated to the Buyers pursuant to Sections 5.8(b) and 5.9, which, at the Closing, and effective as of the close of business at the Effective Time, the Buyers shall assume (collectively, the "Assumed Liabilities"); provided that notwithstanding anything to the contrary herein, Assumed Liabilities shall not include any other Liability of the Sellers or their Affiliates for any Tax related to any period prior to the Effective Time other than withholding Taxes as part of Buyers' Assumed Payroll obligation. For the avoidance of doubt, the Assumed Liabilities shall include:

-15-

(a) all Liabilities of each Seller under the Assumed Contracts and Leases listed on Schedule 2.1(b) and Schedule 2.1(e) (other than those Liabilities that arose or accrued based on any act, event, or omission that occurred prior to the Effective Time (other than the execution of this Agreement and any ancillary agreements related to this Agreement) which shall in all cases be retained by such Seller irrespective of whether they are known at Closing or become known only after the Closing, or based on any breach or default of a Seller which occurred prior to the Effective Time);

(b) all Liabilities of the Sellers arising after the Effective Time under any Contractual Obligation of the Sellers relating to or used in the conduct of the Business (other than the execution of this Agreement and any ancillary agreements related to this Agreement) included in the Acquired Assets that is entered into by the Sellers after the date hereof in accordance with the provisions of this Agreement (other than any Liabilities arising out of or relating to a breach or default that occurred prior to the Effective Time);

(c) all Liabilities arising out of the ownership or operation of the Business or the Acquired Assets after the Effective Time, except with respect to Liabilities arising from or related to compensation, employee benefits, severance and/or change of control payments, or Employee Plans, in each case, related to the period on or prior to the Closing (other than with respect to the Buyers' Assumed Payroll which shall be assumed by Buyers); and

(d) all Liabilities arising after the Effective Time related to the Seller Employees who are hired by either Buyer other than claims of Seller Employees with respect to actions taken by the Sellers or their Affiliates;

provided, that the Buyers shall in no event assume any Liabilities of the Sellers arising from or in connection with (i) any Excluded Asset; (ii) any transactions between the Sellers and any of their respective Affiliates; (iii) any Liabilities not relating to the Business or the Acquired Assets; (iv) any Debt or Guarantee (excluding Guarantees of Leases, which shall constitute Assumed Liabilities) of the Sellers; (v) any Seller's breach or default of any Contractual Obligation; (vi) any insurance policies of the Sellers, (vii) any

Leases or Assumed Contracts that arose or accrued based on any act, event, or omission that occurred prior to the Closing Date, which shall in all cases be retained by the Sellers irrespective of whether they are known at Closing or become known only after the Closing or based on any breach or default of the Sellers that occurred prior to the Effective Time, (viii) any claims, costs or other Liabilities under any Employee Plans, including without limitation relating to health or retirement benefits, except as set forth on Schedule 2.3(d), (ix) all claims arising under applicable Legal Requirements; (x) any severance or change of control payments; (xi) any Liability of the Sellers incurred (or resulting from any action occurring) prior to the Closing that is not otherwise an Assumed Liability, including, for the avoidance of doubt, any item set forth on Schedule 3.10; or (xii) any Liability related to the Seller Employees listed on Schedule 2.3(xii). All Liabilities that are not expressly assumed hereunder shall be retained by and remain Liabilities of the Sellers and satisfied by the Sellers in accordance with their terms (all such Liabilities not being assumed being herein referred to as the "Excluded Liabilities").

-16-

#### 2.4. Purchase Price.

(a) In consideration for the Acquired Assets, the Buyers shall assume the Assumed Liabilities and pay to the Sellers at the Closing aggregate cash consideration of (i) \$185 million (the "Purchase Price"), minus (ii) the Estimated Adjustment for Collection (such amount, the "Net Purchase Price"). No later than five (5) Business Days prior to the anticipated Closing Date, the Sellers shall deliver to the Buyers a written statement (the "Estimated Collection Adjustment Statement"), calculated in accordance with Schedule II, that is reasonably acceptable to the Buyers, and sets forth the Sellers' good faith calculation, as of 12:01 a.m. (New York City time) on the Closing Date of the Adjustment for Collection (the "Estimated Adjustment for Collection"). The Sellers will make available to the Buyers and their representatives as requested by the Buyers, all books, records and other documents used by the Sellers in preparing the Estimated Collection Adjustment Statement and personnel of the Sellers responsible for preparing or maintaining such books, records and documents. On the Closing Date, the Buyers shall deliver to the Sellers payment, by wire transfer to a bank account designated in writing by the Sellers (such designation to be made at least five (5) Business Days prior to the Closing Date), of immediately available funds in an amount equal to the Net Purchase Price (the "Closing Payment").

(b) If the Buyers object to the Sellers' calculation of the Estimated Adjustment for Collection, the Buyers shall notify the Sellers in writing within two (2) Business Days after receipt of the Estimated Collection Adjustment Statement of its objections thereto (the "Buyers Dispute Notice"). The Buyers Dispute Notice shall specify in reasonable detail the items of the Estimated Adjustment for Collection which are being disputed, shall set forth a reasonably detailed summary of the reasons for such dispute and shall include the Buyers' calculation of the Estimated Adjustment for Collection.

(c) At the request of the Buyers or the Sellers, any dispute between the Parties relating to the Estimated Adjustment for Collection that cannot be resolved by them within two (2) Business Days after the Sellers' receipt of the Buyers Dispute Notice shall be referred to the Disputes Auditor for decision, and the decision of the Disputes Auditor shall be final and binding on the Parties. The Parties agree that they will require the Disputes Auditor to render its decision within five (5) Business Days after referral of the dispute to the Disputes Auditor for decision pursuant hereto. In making such decision, the Disputes Auditor shall consider only those items or amounts in the Estimated Collection Adjustment Statement as to which the Buyers objected in the Buyers Dispute Notice and that remain in dispute between the Buyers and the Sellers. Before referring a matter to the Disputes Auditor, the Parties shall make a good faith attempt to agree on procedures to be followed by the Disputes Auditor (including procedures for presentation of evidence). If the Parties are unable to agree upon procedures before the end of five (5) Business Days after the Sellers' receipt of the Buyers Dispute Notice, either Party may refer the dispute to the Disputes Auditor, and the Disputes Auditor shall render its decision as to such dispute in accordance with the terms of this Agreement, including GAAP where such determination is required under this Agreement to be in accordance with GAAP. If the Parties are able to agree upon such procedures before the end of such five (5) Business Day period, they shall, as promptly as practicable, submit evidence in accordance with the procedures agreed upon, and the Disputes Auditor shall decide the dispute in accordance therewith as

promptly as practicable. The fees and expenses of the Disputes Auditor for, and relating to, the making of any such decision shall be borne by the Parties equally.

-17-

(d) The Estimated Collection Adjustment Statement shall be prepared in good faith and in a manner consistent with the methodologies set forth on Schedule II attached hereto.

2.5. The Closing. The closing (the "Closing") of the purchase and sale of the Acquired Assets and the assumption of the Assumed Liabilities hereunder shall take place at the offices of Ropes & Gray LLP, 1211 Avenue of the Americas, New York, New York 10036 on the date that is the later to occur of (x) September 5, 2008 or (y) three (3) Business Days following the satisfaction of the conditions set forth in Sections 6.1, 6.2 and 6.3 (the "Closing Date"). The effective time of the Closing will be 12:01 a.m. (New York City time) on the Closing Date.

2.6. Deliveries by the Sellers and the Buyers. At the Closing:

(a) The Sellers shall deliver to the Buyers (i) a bill of sale in the form attached hereto as Exhibit A-1 (the "Bill of Sale"), (ii) an Assignment and Assumption of Lease (or sublease), with respect to any Real Property Lease, if obtained prior to the Closing, in the form attached hereto as Exhibit A-2 (with such modifications as may be necessary (x) for the satisfaction of such landlord, provided that no modifications may be made to any such Real Property Lease without prior written consent of the Buyers and (y) to comply with applicable Legal Requirements of the state, county or municipality in which the applicable Real Property covered by a Real Property Lease is located, as reasonably determined by the Parties) (each an "Assignment and Assumption of Lease"), (iii) an Intellectual Property Assignment (or sublicense) in the form attached hereto as Exhibit A-3 with such modifications as may be necessary to comply with applicable Legal Requirements of the relevant intellectual property office or registrar, as reasonably determined by the Parties (each an "Intellectual Property Assignment"), and (iv) such other instruments of sale, transfer, conveyance and assignment as the Buyers and their counsel have reasonably requested at least two (2) Business Days prior to the Closing. The Sellers acknowledge and agree that the terms and provisions of the Assignment and Assumption of Lease are not intended to, and do not, in any way waive, modify, limit, or replace any of the terms, provisions, rights or remedies contained in this Agreement or any document or instrument executed and delivered in connection with this Agreement or the transactions contemplated hereby. To the extent of any conflict (actual or perceived) between the terms of this Agreement and the Assignment and Assumption of Lease, the terms of this Agreement shall govern.

-18-

(b) The Buyers shall deliver to the Sellers (i) payment in an amount equal to the Closing Payment, in immediately available funds by wire transfer to a bank account designated by the Sellers (such designation to be provided to the Buyers not later than five (5) Business Days prior to the Closing Date), (ii) an instrument of assignment and assumption in the form attached hereto as Exhibit B (the "Instrument of Assignment and Assumption"), (iii) such other instruments of assumption of liabilities as the Sellers and their counsel have reasonably requested at least two (2) Business Days prior to the Closing.

(c) The Sellers and the Buyers shall enter into a Transition Services Agreement substantially in the form attached hereto as Exhibit C (the "Transition Services Agreement").

(d) The Sellers will have delivered to the Buyers a certification dated as of the Closing Date (in such form as may be reasonably requested by counsel to the Buyers) conforming to the requirements of Treasury Regulations 1.1445-2(b)(2) (the "FIRPTA Certificate").

(e) The Sellers will have delivered to the Buyers all documentation necessary to (i) release any Liens other than Permitted Liens on the Acquired Assets and (ii) all Guarantees related to the Business.

(f) The Buyers shall have delivered to the Sellers signed copies of all real property transfer Tax Returns that the Sellers have determined are



necessary, either in connection with the Sellers' payment of Transfer Taxes pursuant to Section 5.9 or (as long as Seller is liable under this Agreement for such Taxes) otherwise in connection with the assignment of leases included among the Acquired Assets. Such transfer Tax Returns shall be prepared by the Sellers at their sole cost and expense and shall be subject to the Buyers' prior approval before filing or submission, which approval the Buyers shall not unreasonably withhold, condition or delay.

(g) The Sellers shall deliver to the Buyers hard copies and an electronic copy existing and in use as of the Closing of the marketing, advertising and promotional documents owned by the Sellers, such as customer lists, marketing and promotional plans, documents and materials, field force training manuals and materials, and the like, used in the Business.

(h) The Sellers will have delivered to the Buyers all consents obtained, if any, pursuant to Section 5.3(b).

(i) The Sellers and the Buyers will have delivered to each other fully-executed copies of each of the Maintech Amendment Agreement, the Uruguay Support Agreement, the Non-competition and Non-solicitation Agreement and the Office Sublease.

Each of the agreements and instruments referenced in clauses (a) through (i) shall be governed by and construed in accordance with the terms of this Agreement and, in the event that any provision of such agreements is construed to conflict with a provision in this Agreement, the provision in this Agreement shall be deemed to be controlling. As used in this Agreement, the term "Closing Documents" shall mean the documents described in clauses (a) through (i) and any other instruments of sale, transfer, conveyance, assignment, and assumption of liabilities executed and delivered by the Parties pursuant to this Section 2.6 or Section 5.3 (Commercially Reasonable Efforts; Third Party Consents). Simultaneously with such deliveries, the Sellers shall deliver to the Buyers the keys and any other instruments needed for physical access to the Acquired Assets at any of the Sellers' locations.

-19-

## 2.7. Allocation of Purchase Price.

(a) No later than ten (10) days prior to the anticipated Closing Date, the Buyers shall prepare and deliver to the Sellers a draft allocation schedule allocating the Purchase Price (and all other capitalized costs) among the Acquired Assets in accordance with Code Section 1060 and the Treasury Regulations thereunder (and any similar provision of state, local, or non-United States law, as appropriate) and the methodology set forth on Schedule 2.7(a), which allocation and any adjustments thereto shall be non-binding among the Parties hereto (but the allocation methodology on Schedule 2.7(a) shall be binding on the Parties hereto).

(b) No later than the day on which the Preliminary Closing Statement is provided pursuant to Section 2.8(a)(i), the Buyers shall prepare an allocation of the Net Purchase Price (and all other capitalized costs) among the Acquired Assets in accordance with Schedule 2.7(a) and consistent with Code Section 1060 and the Treasury Regulations thereunder (and any similar provision of state, local, or non-United States law, as appropriate) and the methodology set forth on Schedule 2.7(a), which allocation and any adjustments thereto shall be binding among the Parties hereto. The Buyer shall deliver such allocation to the Sellers no later than the day on which the Preliminary Closing Statement is provided pursuant to Section 2.8(a)(i). In connection with the Buyers' preparation of the allocation, the Sellers shall timely and properly prepare, execute, file, and deliver all such documents, forms, and other information as the Buyers may reasonably request. If the Sellers do not provide any comments to the Buyers in writing within five (5) Business Days following delivery by the Buyers of the proposed allocation, then the allocation proposed by the Buyers shall be deemed to be final and binding. If, however, the Sellers submit comments to the Buyers within such five (5) Business Day period, the Buyers and the Sellers shall negotiate in good faith to resolve any differences within five (5) Business Days after the receipt of such comments from the Sellers. If the Sellers and the Buyers are unable to reach a resolution within such five (5) Business Day period, then all remaining disputed items shall be submitted for resolution to the Disputes Auditor, which shall make a final determination as to the disputed items within five (5) Business Days after such submission, and such determination shall be final, binding and conclusive on the Sellers and the

Buyers. Once the allocation of the Purchase Price is determined to be final, it shall be set forth on Schedule IV to this Agreement. The fees and disbursements of the Disputes Auditor shall be shared equally between the Buyers and the Sellers. The Buyers and the Sellers and their respective Affiliates shall report, act, and file Tax Returns (including, but not limited to, Internal Revenue Service Form 8594) in all respects and for all purposes consistent with the allocation. The Buyers shall prepare any adjustments required to the allocation. Neither the Buyers nor the Guarantor nor any Seller shall take any position (whether in audits, Tax Returns, or otherwise) that is inconsistent with such allocation unless required to do so by applicable Legal Requirement.

(c) The Parties acknowledge that all of the Real Property Leases are at or above market and have no value.

-20-

## 2.8. Post Closing Adjustment.

### (a) Preparation of Preliminary Closing Statement.

- (i) As soon as reasonably practicable after the Closing Date but in any event within ninety (90) days thereafter, the Buyers shall prepare and deliver to the Sellers a statement (the "Preliminary Closing Statement") setting forth, as of 12:01 a.m. (New York City time) on the Closing Date a statement detailing the final adjustment for the Adjustment for Collection.
- (ii) The Preliminary Closing Statement shall be prepared in accordance with GAAP, and shall be prepared in a form and manner consistent with the preparation of the sample Preliminary Closing Statement attached hereto as Schedule II (which, solely for illustrative purposes, was prepared as though the Closing had occurred on May 25, 2008).
- (iii) The Buyers will make available to the Sellers and their representatives, including their independent registered public accounting firm, as requested by the Sellers, all books, records and other documents pertaining to the Business used by the Buyers in preparing the Preliminary Closing Statement and personnel of the Buyers responsible for preparing or maintaining such books, records and documents and the Buyers' independent registered public accounting firm.

(b) Review of Preliminary Statements. The Preliminary Closing Statement shall be binding and conclusive upon, and deemed accepted by, the Sellers unless the Sellers shall have notified the Buyers in writing within thirty (30) days after receipt of the Preliminary Closing Statement of any objections thereto (the "Seller Dispute Notice"). The Seller Dispute Notice shall specify in reasonable detail the items of the Preliminary Closing Statement which are being disputed, shall set forth a reasonably detailed summary of the reasons for such dispute. Except as specified in the Seller Dispute Notice, the Sellers shall be deemed to have agreed with the Preliminary Closing Statement delivered by the Buyers pursuant to Section 2.8(a).

(c) Resolution of Disputes. At the request of the Buyers or the Sellers, any dispute between the Parties relating to the Preliminary Closing Statement that cannot be resolved by them within thirty (30) days after the Buyers' receipt of the Seller Dispute Notice shall be referred to the Disputes Auditor for decision, and the decision of the Disputes Auditor shall be final and binding on both Parties. The Parties agree that they will require the Disputes Auditor to render its decision within thirty (30) days after referral of the dispute to the Disputes Auditor for decision pursuant hereto. In making such decision, the Disputes Auditor shall consider only those items or amounts in the Preliminary Closing Statement as to which the Sellers objected in the Seller Dispute Notice and that remain in dispute between the Buyers and the Sellers. Before referring a matter to the Disputes Auditor, the Parties shall make a good faith attempt to agree on procedures to be followed by the Disputes Auditor (including procedures for presentation of evidence). If the Parties are unable to agree upon procedures before the end of fifteen (15) Business Days after the Buyers' receipt of the Seller Dispute Notice, either Party may refer the dispute to the Disputes Auditor, and the Disputes Auditor shall render its

decision as to such dispute in accordance with the terms of this Agreement, including GAAP where such determination is required under this Agreement to be in accordance with GAAP. If the Parties are able to agree upon such procedures before the end of such fifteen (15) Business Day period, they shall, as promptly as practicable, submit to the Disputes Auditor evidence in accordance with the procedures agreed upon, and the Disputes Auditor shall decide the dispute in accordance therewith as promptly as practicable. The fees and expenses of the Disputes Auditor for, and relating to, the making of any such decision shall be borne by the Parties equally.

-21-

(d) Final Closing Statement. The Preliminary Closing Statement shall become final and binding on both Parties upon the earliest of (i) if no Seller Dispute Notice has been given, the expiration of the period within which the Sellers may notify the Buyers of any objections to the Preliminary Closing Statement pursuant to Section 2.8(b), (ii) if the Seller Dispute Notice has been given, upon the agreement by the Sellers and the Buyers that such Preliminary Closing Statement, together with any modifications thereto agreed to in writing by the Sellers and the Buyers is final and binding, and (iii) if the Seller Dispute Notice has been given but there is no such agreement, the date on which the Disputes Auditor shall issue its decision with respect to any dispute relating to such Preliminary Closing Statement referred to the Disputes Auditor pursuant to Section 2.8(c), giving effect to any items reflected in the Seller Dispute Notice as to which the Buyers and the Sellers were able to reach agreement prior to such referral. The Preliminary Closing Statement, as adjusted, if applicable, pursuant to any agreement between the Parties or pursuant to the decision of the Disputes Auditor, when final and binding on both Parties, is herein referred to as the "Final Closing Statement."

(e) Calculation of Adjusted Net Purchase Price; Payment. The Net Purchase Price shall be increased or decreased by the difference, if any, by which the Estimated Adjustment for Collection differs from the Adjustment for Collection shown on the Final Closing Statement (the Net Purchase Price, as so increased or decreased after taking into account the net effect of the foregoing shall hereinafter be referred to as the "Adjusted Net Purchase Price"). If the Closing Payment is more than the Adjusted Net Purchase Price, the Sellers shall pay such difference within five (5) Business Days to the Buyers by wire transfer in immediately available funds to a bank account designed in writing by the Buyers. If the Adjusted Net Purchase Price is more than the Closing Payment, the Buyers shall pay such difference within five (5) Business Days to the Sellers by wire transfer in immediately available funds to a bank account designed in writing by the Sellers.

(f) Purchase Price Adjustment for Tax Purposes. Any payment made pursuant to Section 2.8(e) shall be treated for tax purposes as an adjustment to the Purchase Price except to the extent otherwise required by any applicable Legal Requirement.

3. REPRESENTATIONS AND WARRANTIES OF THE SELLER. EACH SELLER REPRESENTS AND WARRANTS JOINTLY AND SEVERALLY TO THE BUYERS that the statements set forth in this Section 3 are true, correct and complete as of the date of this Agreement or such other date as may be referred to in any particular representation and warranty, except as set forth in the disclosure letter dated as of the date hereof and provided to the Buyers by the Sellers in connection with the signing of this agreement (the "Disclosure Letter"). The Disclosure Letter has been arranged in sections and paragraphs corresponding to the sections and paragraphs contained in this Section 3.

-22-

### 3.1. Organization and Qualification of the Sellers.

(a) Each of the DE Sub and GA Sub (i) is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization, (ii) is duly qualified to do business and in good standing in each jurisdiction in which the nature of its business makes such qualification or licensing necessary, other than in such jurisdictions where the failure to be so qualified or licensed would not have a Material Adverse Effect and (iii) has all power and authority and all material governmental licenses, authorizations, permits, consents and approvals to enter into and perform this Agreement.

(b) The Parent (i) is duly organized, validly existing and in good

standing under the laws of its jurisdiction of organization, (ii) is duly qualified to do business and in good standing in each jurisdiction in which its operation of the Business makes such qualification or licensing necessary, other than in such jurisdictions where the failure to be so qualified or licensed would not have a Material Adverse Effect and (iii) has all power and authority and all material governmental licenses, authorizations, permits, consents and approvals to enter into and perform this Agreement.

3.2. Authorization of Transaction. The execution, delivery and performance by each Seller of this Agreement and each Closing Document to which it is (or will be) a party and the consummation of the Contemplated Transactions have been duly and validly authorized by all necessary corporate action, and no other corporate proceedings on the part of such Seller are necessary to authorize this Agreement or any Closing Document to which it is a party or to consummate the Contemplated Transactions. This Agreement and each Closing Document to which each Seller is or will be a party has been (or, in the case of Closing Documents to be entered into at or prior to the Closing, will be) duly executed and delivered by such Seller and, assuming the due authorization, execution and delivery by the other Parties, is (or, in the case of Closing Documents to be entered into at or prior to the Closing, will be) the legal valid and binding obligation of such Seller, enforceable against such Seller in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency, reorganization or other laws affecting creditors' rights generally and general principles of equity (whether considered in a proceeding at law or in equity). The Contemplated Transactions do not require the approval of the stockholders of the Parent.

3.3. Governmental Authorization. The execution, delivery and performance by the Sellers of the Transaction Documents and the consummation of the Contemplated Transactions by the Sellers requires no action (including any authorization, registration, qualification, consent or approval) by or in respect of, or filing with, any Governmental Authority by the Sellers, except for such filings required by the HSR Act.

3.4. Noncontravention. Except as set forth in Schedule 3.4, the execution, delivery and performance by each Seller of the Transaction Documents and the consummation of the Contemplated Transactions by such Seller do not and will not (i) violate, conflict with or result in a default under the Organizational Documents of such Seller, (ii) violate any applicable Legal Requirement related to the Business, (iii) conflict with, violate, constitute a default (with or without notice or lapse of time, or both) or result in any breach under or give rise to any right of termination, amendment, cancellation or acceleration of any right or obligation or to a loss of any benefit relating to the Business or to any Acquired Asset to which such Seller is entitled under any provision of any Contractual Obligation (other than any non-material Contractual Obligations relating to advertising placed in Telephone Directories in the Ordinary Course of Business) binding upon such Seller or to which the Acquired Assets are bound or subject or (iv) result in the creation or imposition of any Lien on any Acquired Asset, except for Permitted Liens.

-23-

3.5. Brokers' Fees. The Sellers shall be solely obligated for the payment of all fees or expenses of any broker, agent or finder engaged by them in connection with and for this Agreement or the Contemplated Transactions. The Sellers represent and warrant that there are no Liabilities with respect to any brokers' or finders' fees or commissions relating to the Contemplated Transactions for which the Buyers could become liable or obligated due to the conduct of the Sellers.

3.6. Assets; Ownership. Except as set forth on Schedule 3.6, (i) the Sellers are the sole and lawful owners of and have good title to (or, in the case of the Leases, a valid and subsisting leasehold interest in or right to use), and the power to sell, assign or transfer to the Buyers, all of the Acquired Assets free and clear of all Liens, other than Permitted Liens and (ii) none of the Acquired Assets are in the possession, custody, or control of any Person other than the Sellers. No Person other than the Sellers has any right, title, or interest in any profits, earnings, gains or losses with respect to the Business, or any Acquired Asset.

3.7. Legal and Other Compliance; Permits. Except as set forth on Schedule 3.7, each of the Sellers has complied in all material respects with, and since January 1, 2005 has been in compliance in all material respects with,

all applicable Legal Requirements relating to the Business or the Acquired Assets, and no Action has been filed or commenced or, to the Sellers' Knowledge, threatened against it or any Affiliate that relates to the Business or the Acquired Assets. Schedule 3.7 contains a complete list of all permits required pursuant to Legal Requirements for the conduct of the Business or for the Sellers' present use and operation of the Real Property and the lawful occupancy thereof. The Sellers have been granted all such permits and the Sellers are not in material breach or violation of, or default under, any such permit. Except as set forth in Schedule 3.7, all such permits may be assigned by the Sellers to the Buyers as contemplated in this Agreement. The Sellers have not received any written notice that any Governmental Authority will revoke, cancel, rescind, intentionally modify or refuse to renew in the ordinary course any such material permit. None of the matters disclosed in Schedule 3.7 challenges or seeks to prevent, enjoin, alter or materially delay the Contemplated Transactions or has had or would be reasonably expected to be, individually or in the aggregate, material to the Business, the Acquired Assets or the Assumed Liabilities.

3.8. Consents. Schedule 3.8 sets forth each Contractual Obligation (excluding advertising contracts and Contractual Obligations that do not involve payments on an annual basis of more than \$50,000 to or from a Seller), permit or other right that will not continue in full force and effect or requires a consent, approval, waiver or other action by any Person as a result of the execution, delivery and performance of the Transaction Documents and the Contemplated Transactions, the required consent, and the identity of any Person who is entitled to consent to or receive notice of the Contemplated Transactions (all such required consents or other actions, the "Sellers' Consents").

-24-

3.9. Property and Equipment; Liens; Completeness of Acquired Assets. Except as set forth in Schedule 3.9:

(a) The Acquired Assets and the assets set forth on Schedule 5.3(b) (which may or may not become Acquired Assets in accordance with Section 5.3(b)) constitute all of the assets of any nature whatsoever, including Contractual Obligations, material Intellectual Property used in or necessary for the Sellers to operate, and used by the Sellers in operating, the Business in the manner it is currently operated by the Sellers.

(b) The Personal Property and other tangible assets included in the Acquired Assets that are material to the operation of the Business as conducted on the Closing Date are in good operating condition and repair (taking into account the age of such Acquired Assets and subject to normal wear and tear, scheduled maintenance, and retirement, none of which is material).

(c) Each Seller owns or has valid rights or licenses to use all of the material Intellectual Property and which such Seller is presently using in connection with the Business or the use of which is necessary for the conduct of the Business as currently conducted or in connection with the performance of any material Contractual Obligation, proposal or other agreement to which such Seller is a party with respect to the Business.

(d) The Sellers do not own any real property that is necessary to operate, or that is used to operate, the Business as it is currently operated by the Sellers. The Sellers have a good, valid and enforceable leasehold interest in and to the Real Property, free and clear of all Liens other than Permitted Liens and Liens that will be discharged prior to Closing. Except as disclosed in Schedule 2.1(b), no Real Property Lease is a sublease.

(e) With respect to each Real Property Lease: (i) each Real Property Lease is legal, valid, binding, enforceable and in full force and effect, (ii) the Sellers are in peaceful and undisturbed possession of the space or estate under such Real Property Lease, (iii) each Real Property Lease will continue to be legal, valid, binding, enforceable and in full force and effect on identical terms following consummation of the Closing, except for the Real Property Leases set forth on Schedule 3.9(e)(iii), (iv) there exists no event or condition which (with or without notice or lapse of time or both) would result in a breach or default under any Real Property Lease on the part of any Seller or permit termination, modification or acceleration thereunder, (v) to the Sellers' Knowledge, there exists no event or condition which (with or without notice or lapse of time or both) would result in a breach or default under any Real Property Lease in any material respect on the part of any other party to such Real Property Lease, (vi) there is no (1) unsatisfied capital expenditure

requirement or remodeling obligation on the part of the tenant thereunder other than ordinary maintenance and repair obligations, (2) unpaid brokerage commission or the like payable by the tenant thereunder, or (3) deferred rent or other amounts payable by the tenant thereunder on or after the Closing Date that are attributable to any pre-Closing period, (vii) such Real Property Lease does not impose any material restriction on any portion of the Business, and (viii) no leasing or brokerage commission is payable as a result of the assignment of such Real Property Lease.

(f) The Sellers have delivered to the Buyers a true, correct, and complete copy of each Real Property Lease, which includes all amendments, modifications, notices, or memoranda of lease related thereto and all estoppel certificates or subordinations, nondisturbance and attornment agreements related thereto. There is no lease for the Real Property covered by any Significant Lease that has priority over such Significant Lease. There are no written or oral leases, subleases, licenses, concessions, occupancy agreements or other Contractual Obligations granting to any other Person the right of use or occupancy of any Real Property covered by a Significant Lease and there is no Person (other than the Sellers or their Affiliates) in possession of the Real Property covered by a Significant Lease.

-25-

(g) The current use of the Real Property covered by a Significant Lease does not violate or conflict with any applicable Legal Requirements or any covenants, conditions, restrictions or other Contractual Obligations. There is no pending or, to Sellers' Knowledge, threatened appropriation, condemnation or like proceeding affecting the Real Property covered by a Significant Lease.

(h) Except as set forth in Schedule 3.9(h), each Facility covered by a Real Property Lease is supplied with utilities and other services (which may include gas, electricity, water, drainage, sanitary sewer, storm sewer, fire protection and telephone) to the extent necessary for the operation of such Facility as the same is currently operated.

3.10. Litigation. Schedule 3.10 sets forth each instance in which each of the Sellers (i) is subject to any unsatisfied judgment, order, decree, stipulation, injunction or charge relating to the Business or involving the Seller Employees or any Acquired Asset or Assumed Liability or (ii) is a party or, to the Sellers' Knowledge, is threatened to be made a party to, any Action relating to the Business or involving the Seller Employees or any Acquired Asset or Assumed Liability. None of such Actions questions the validity or seeks to prevent, enjoin, alter or materially delay the Contemplated Transactions or of any action taken or to be taken in connection with such transactions, nor, to the Sellers' Knowledge, is there any basis for the commencement of any such Action. There are no judgments, orders, decrees, citations, fines or penalties heretofore assessed against any of the Sellers affecting or relating to the Business, the Acquired Assets or the Assumed Liabilities under any applicable Legal Requirement, except such as have been satisfied. None of the matters disclosed in Schedule 3.10 has had or would be reasonably expected to be, individually or in the aggregate, material to the Business, the Acquired Assets or the Assumed Liabilities. There are no settlements, covenants not to sue, consents, decrees, stipulations, injunctions, judgments, writs, orders or determinations of an arbitrator which (i) restrict the Sellers' rights to use, transfer, license or exploit any Acquired Assets in any manner; or (ii) permit third parties to use any Assigned Intellectual Property.

### 3.11. Environmental Matters.

(a) In connection with the Business, except as set forth in Schedule 3.11(a): (i) the Sellers have not received any written or, to the Sellers' Knowledge, oral communication within the past three (3) years that alleges any material violation of, or material claim under, any Environmental Law, that has not been fully and finally resolved through the appropriate judicial, administrative or other claims resolution process, or arising out of, based on or resulting from the presence or Release of Hazardous Materials; (ii) the Sellers are (and at all times since January 1, 2005 have been) in material compliance with all Environmental Laws; (iii) the Sellers have not entered into or agreed to and are not bound by or subject to any contract, decree, order or judgment relating to claims, liability under or compliance with any Environmental Law or to investigation or remediation of Hazardous Materials; (iv) to Sellers' Knowledge, there has been no treatment, storage or Release in violation of Environmental Laws of any Hazardous Materials on or from any

property covered by a Significant Lease; (v) the Sellers have not received a written information request regarding, or been named a potentially responsible party for, any National Priorities List or CERCLIS site (as those terms are defined under Environmental Laws); and (vi) the Sellers have no Knowledge of facts, conditions or circumstances that would reasonably be expected to lead to responsibility or liability under Environmental Laws that, individually or in the aggregate, would reasonably be expected to be material to the Business, the Acquired Assets or the Assumed Liabilities.

-26-

(b) The Sellers have fully disclosed to the Buyers true and complete copies of all environmental reports, site assessments, audits, studies, evaluations, tests and records prepared, commissioned by or received by, or on behalf of the Sellers within the last five (5) years, with respect to any or all of the Acquired Assets or the Business, a complete and accurate list of which is disclosed in Schedule 3.11(b).

3.12. Affiliated Transactions. Except as set forth on Schedule 3.12, no Affiliate or Related Person of any Seller owns or otherwise has any rights to or interests in the Business, any Acquired Asset (including any Assigned Intellectual Property) or Assumed Liability or is currently engaged in business dealings with such Seller related to the Business, any Acquired Assets or Assumed Liabilities, whether as a client, supplier, customer, lessor, lessee, competitor, potential competitor or otherwise. Except as set forth on Schedule 3.12, the transactions disclosed on Schedule 3.12 were entered into and performed on arms length terms and conditions which are no less favorable to the Sellers than those which could be obtained with a third party which is not an Affiliate or Related Person of the Sellers.

3.13. Absence of Certain Developments. Except as set forth on Schedule 3.13, since October 28, 2007, the Business has been conducted only in the Ordinary Course of Business, and, with respect to the Business or the Acquired Assets, there has not been:

(a) any event, change or circumstance which has had, or is reasonably likely to have, a Material Adverse Effect;

(b) any damage (normal wear and tear excepted), destruction, eminent domain taking or other casualty loss (whether or not covered by insurance) affecting the Business or any Acquired Asset in any material respect;

(c) any sale, mortgage, pledge, lease, or creation or other incurrence of any Lien on any Acquired Asset, other than sales or leases of assets in the Ordinary Course of Business or the creation or incurrence of Permitted Liens;

(d) any change in any method of accounting or accounting practice with respect to the Business, except for any such change required by reason of a concurrent change in GAAP;

(e) any institution or execution of or increase or material alteration to the employment terms (including without limitation the adoption or amendment of any Employee Plans) or compensation payable or paid, or alteration in the timing or method of such payments, or institution or execution of any new severance or termination pay practices, whether conditionally or otherwise and whether pursuant to a Contractual Obligation, Employee Plan or otherwise, to any Seller Employee or director, officer, or consultant of the Sellers or any Affiliate whose responsibilities relate to the Business, other than in the Ordinary Course of Business;

-27-

(f) any hiring of any new Seller Employees, other than in the Ordinary Course of Business;

(g) any entry into, termination, amendment, cancellation, or other modification of any Contractual Obligation (including any Significant Lease or collective bargaining agreement) or any waiver of, or agreement with respect to, any rights or obligations set forth therein, other than in the Ordinary Course of Business;

(h) any material settlement, waiver or agreement with respect to any Action, Liability, Debt, or other right;

(i) any incurrence or assumption of any Debt or Guarantee in an aggregate amount greater than \$100,000;

(j) any (i) delay or postponement of the payment of any accounts payable or any change in the methodology employed by any of the Sellers with respect to the payment thereof, (ii) acceleration of the collection of accounts receivable or any change in the methodology employed by any of the Sellers with respect to the payment thereto, (iii) turnover of inventory, or (iv) incurrence of other Liabilities outside of the Ordinary Course of Business;

(k) any transaction with any Affiliate outside of the Ordinary Course of Business; or

(l) any entry into any Contractual Obligation or agreement to do any of the foregoing.

#### 3.14. Contracts.

(a) The Contractual Obligations set forth on Schedule 3.14(a) (the "Retained Contracts") constitute all Contractual Obligations of the Sellers relating to the Business or the Acquired Assets or which are otherwise material to the Business that are not a part of the Assumed Contracts.

(b) The Sellers have delivered to the Buyers a complete copy of each Assumed Contract (other than any non-material Contractual Obligations relating to advertising placed in Telephone Directories in the Ordinary Course of Business) that is in writing and an accurate and a complete description of each oral Assumed Contract, in each case, as amended or otherwise modified and in effect as of the date hereof. Except as disclosed in Schedule 3.14(b), each of the Sellers has complied with all accrued commitments and obligations pertaining to each Assumed Contract, each Assumed Contract is Enforceable against such Seller party thereto and neither such Seller nor, to the Sellers' Knowledge, any other party thereto (including any Affiliate of the Seller, as the case may be) is in default or breach in any material respect under the terms of any such Assumed Contract, provided, however, that no representation is made as to any non-material Contractual Obligation relating to advertising placed in Telephone Directories in the Ordinary Course of Business.

-28-

(c) Except as set forth on Schedule 3.14(c), with respect to the Business and the Acquired Assets, the Sellers are not a party to any (i) Contractual Obligation or commitment for the employment or services of any individual, employee or independent contractor, except for oral at will employment agreements and employee manuals, (ii) Contractual Obligation for the sale of inventory outside the Ordinary Course of Business (other than this Agreement), (iii) Contractual Obligation with or commitment to any labor organization or collective bargaining unit, such as a collective bargaining agreement or other labor union or similar contract applicable to the Seller Employees, (iv) Contractual Obligation or commitment outside the Ordinary Course of Business for the future purchase or lease of goods or products, materials, supplies, equipment, services, real or personal property (tangible or intangible), (v) lease for real or personal property, or (vi) agreement or arrangement to grant discounts or other concessions to customers, distributors, manufacturers or suppliers outside the Ordinary Course of Business.

#### 3.15. Employment. With respect to Seller Employees:

(a) Schedule 3.15(a) sets forth the name, job title, employment commencement date, annual salary or hourly wage, as applicable, total compensation (including bonus), and date of most recent salary or wage increase for each Seller Employee.

(b) Except as set forth on Schedule 3.15(b), with respect to the Business, (i) the Sellers currently comply with, and for the past three (3) years have complied with, all Legal Requirements relating to the employment of labor in all material respects, including without limitation any provisions thereof relating to wages and hours, the classification of employees as exempt or non-exempt for overtime purposes, unlawful, retaliatory, or discriminatory employment or labor practices, occupational health and safety standards, the classification of persons providing services to the Sellers as employees or independent contractors, human rights legislation, and all other



employment-related laws; (ii) there is not presently pending, or to the Sellers' Knowledge, threatened, any investigation, audit, or review by any Governmental Authority and there is no charge, claim, complaint, grievance proceeding, arbitration proceeding, or other claim pending, or to the Sellers' Knowledge, threatened, against the Sellers, including without limitation any charge or complaint filed by any employee or labor union (or similar organization) with the Equal Employment Opportunity Commission, state human rights agency, National Labor Relations Board, or other Governmental Authority ; (iii) none of the Sellers is a party to a collective bargaining agreement or other labor union or similar contract applicable to employees and no employee is represented by a labor union; (iv) during the past three (3) years, none of the Sellers has engaged in any plant closing, workforce reduction, or other action that has resulted or triggered or could result in or trigger notice requirements or liability under Worker Adjustment and Retraining Notification Act, 29 U.S.C. ss. 2101, et seq. ("WARN") or under any similar or local plant closing notice law; (v) there is no Legal Requirement, including without limitation any arbitration decision, court decision, or governmental order, that in any way limits or restricts the Sellers from relocating or closing any of the operations relating to the Business; (vi) the employment of each employee of the Business is terminable at will; (vii) each of the Sellers has paid or will pay in full to all employees all amounts currently due and payable for wages, salaries, commissions, bonuses, benefits and other compensation accrued as of the Effective Time (other than as set forth on Schedule 3.15(f)); and (viii) to the Sellers' Knowledge, none of the Key Seller Employees has any plan or current intention to terminate employment with the Sellers.

-29-

(c) Schedule 3.15(c) sets forth a true and complete list of all the Seller Plans that are maintained for or contributed to on behalf of Seller Employees, or that benefit any such Seller Employee, or that otherwise affect the Business or Seller Employees or other current service provider to the Business. With respect to each Seller Plan, the Sellers have made available to the Buyers (i) an accurate and current description of such Seller Plan and (ii) the most recent IRS determination letter for any Seller Plan intended to be qualified for favorable tax treatment under Section 401(a) of the Code. The Sellers are not in default in any material respect with respect to any contributions or obligations under any Seller Plan or withholding or other employment Taxes or payments on behalf of any current or former employee of the Business for which it is obligated on the Closing Date. The Sellers have no Liability with respect to an employment agreement or arrangement or Employee Plan which could become a Liability of the Buyers.

(d) Except as set forth on Schedule 3.15(d), neither any of the Sellers nor any ERISA Affiliate maintains, contributes to (or has an obligation to contribute to) or has maintained, adopted or contributed to a pension plan (within the meaning of Section 3(2) of ERISA) which is subject to Title IV of ERISA or Section 302 of ERISA or Section 412 of the Code, a voluntary employees' beneficiary association within the meaning of Section 501(c)(9) of the Code, and there has been no accumulated funding deficiency within the meaning of 302(a)(2) of ERISA or Section 412 of the Code with respect to any funded pension plan which has resulted or could result in the imposition of a Lien (other than a Permitted Lien) upon any of the Acquired Assets, and the Sellers have not incurred any Liability under Title IV of ERISA. No Seller Plan provides for welfare benefits following termination of employment, other than as required by Section 4980B of the Code, with respect to which the Buyers could have any liability.

(e) No Seller Employee is, or at any time will become, entitled to any payment, benefit or right, or any increased or accelerated payment, benefit or right, or any payment of any amount under any Seller Plan that could individually or in combination with any other such payment constitute an "excess parachute payment" as defined in Section 280G(b)(1) of the Code or fail to be deductible by the Sellers or any of their respective Affiliates or by the Buyers by reason of Section 162 or 404 of the Code, as a result of the execution of this Agreement or the consummation of the transactions contemplated hereby.

(f) Except as set forth on Schedule 3.15(f), each of the Sellers has paid or will pay in full prior to the Closing to the Seller Employees of the Business all amounts currently due and payable for wages, salaries, commissions, bonuses, benefits and other compensation accrued as of the Effective Time.

3.16. Certain Financial Information; Undisclosed Liabilities.

(a) Certain Financial Information. The Financial Information has been prepared without audit but in accordance with GAAP (but does not include footnotes) applied on a consistent basis throughout the periods covered thereby, is correct and complete in all material respects and presents fairly in all material respects the financial position of the Business as of the respective dates thereof and the results of operations of the Business and changes in financial position for the respective periods covered thereby, and is consistent with the books and records of the Business, subject to the absence of notes. Schedule 3.16(a) sets forth the EBITDA of the Business for the fiscal year ended October 28, 2007 and for the eight (8) months ended June 22, 2008. Schedule 3.16(a) has been prepared in good faith by the Sellers, is true and accurate and reflects the books and records of the Business.

-30-

(b) Undisclosed Liabilities. The Sellers have no Liabilities or obligations of any kind, whether accrued, absolute, secured or unsecured, contingent or otherwise, in connection with the Business, other than Liabilities that (i) are Excluded Liabilities, (ii) are set forth on Schedule 3.16(b) or (iii) arose in the Ordinary Course of Business of the Sellers, which Liabilities do not result from, arise out of, or relate to any breach or violation of, or default under, any Contractual Obligation or applicable Legal Requirement and which Liabilities are not material (individually or in the aggregate) to the Business, the Acquired Assets or the Assumed Liabilities.

(c) Description of Policies. Schedule 3.16(c) sets forth a true and accurate description of the Company's practices, policies, procedures or timing of the collection of accounts receivable or payment of accounts payable that relate to the Business (the "Policies"). Such Policies comply with GAAP.

(d) Accounts Receivable. All accounts receivable reflected on the Financial Information and all accounts receivable arising subsequent to June 22, 2008 and on or prior to the Closing Date, have arisen or will arise in the Ordinary Course of Business, represent or will represent legal, valid, binding and enforceable obligations to the Sellers and, subject only to consistently recorded reserves for bad debts established as of a date prior the Closing Date in a manner consistent with past practice and the Policies.

(e) Accounts Payable. To the Sellers' Knowledge, there are, and within the past six (6) months have been, no unpaid invoices or bills representing amounts alleged to be owed by any Seller relating to the Business, or other alleged obligations of any Seller related to the Business, which any Seller has disputed or determined to dispute or refuse to pay.

### 3.17. Taxes.

(a) Except as set forth on Schedule 3.17(a), each Seller has filed, or has caused to be filed on its behalf, all material Tax Returns, with respect to the Parent relating to the Business only, required to be filed by it in accordance with all Legal Requirements. All such Tax Returns were true, correct and complete in all material respects. All material Taxes owed by each Seller relating to the Business (whether or not shown on any Tax Return) have been timely paid in full or are reflected as owing in the Sellers' Financial Statements. No claim has ever been made by a Governmental Authority in a jurisdiction where the Sellers do not file Tax Returns that the Sellers are or may be subject to taxation by that jurisdiction with respect to the Business. There are no Liens with respect to Taxes upon any assets of the Sellers (but as to the Parent only as such relates solely to the Business) other than Liens for current Taxes not yet due and payable. Except with respect to Parent's ownership of the GA Sub and the DE Sub, none of the Sellers owns an Equity Interest in another Person with respect to the Acquired Assets.

-31-

(b) With respect to the Pre-Effective Time Tax Period, but excluding the Buyers' Assumed Payroll, each Seller has deducted, withheld and timely paid to the appropriate Governmental Authority all Taxes required to be deducted, withheld or paid in connection with amounts paid or owing to any Seller Employee and each Seller has complied with all reporting and recordkeeping requirements with respect thereto.

(c) The Sellers have not made any payments to a Seller Employee or other

person providing services to the Business, with respect to the Parent relating to the Business only, or have been or are a party to any agreement, contract, arrangement or plan that could result in it making payments, that have resulted or would result, separately or in the aggregate, in the payment of any "excess parachute payment" within the meaning of Code Section 280G or in the imposition of an excise Tax under Code Section 4999 (or any corresponding provisions of state, local or non-United States Tax law) or that were or would not be deductible under Code Sections 162 or 404 or that will be required to be included in gross income under Code Section 409A(a)(1)(A).

3.18. Insurance. Schedule 3.18(i) sets forth a list of all insurance policies maintained by the Sellers (a) applicable to the Business and/or (b) that cover any Acquired Asset or Assumed Liability. The Sellers have not received (i) any written notice that any issuer of any such policy has filed for protection under applicable bankruptcy laws or is otherwise in the process of liquidating or has been liquidated, or (ii) any written notice that such policies are no longer in full force or effect or that the issuer of any such policy is no longer willing or able to perform its obligations thereunder. Except as set forth in Schedule 3.18(ii), to the Sellers' Knowledge there are no written requirements or recommendations of any insurer of the Acquired Assets or the Business with respect to any repair or modification to or any improvements of any material portion of the Acquired Assets or the Business.

3.19. Customers and Suppliers. Schedule 3.19 sets forth a complete and accurate list of (a) the ten (10) largest advertising customers of the Telephone Directories portion of the Business (by dollar volume) relating to the Business during the 2007 fiscal year of the Sellers and eight (8) month period ending on the month-end immediately prior to the date of this Agreement, including the dollar amount of all sales to such customers during this period and the existing Contractual Obligations with each such customer by product or service provided, (b) all customers of the "Directory Systems/Services" portion of the Business and (c) the suppliers of an aggregate volume of \$50,000 or more of materials, products, product components or services relating to the Business during the twelve (12) month period ending on the month-end immediately prior to the date of this Agreement, including the dollar amount of such purchases from such suppliers during this period and the Contractual Obligations for continued supply from each such supplier. The relationships with the customers and suppliers required to be listed on Schedule 3.19 are good commercial working relationships and, except as set forth on Schedule 3.19, none of such customers or suppliers has canceled, terminated or otherwise materially altered (including any material reduction in the rate or amount of sales or purchases or material increase in the prices charged or paid, as the case may be) or notified the Company of any intention to do any of the foregoing or otherwise threatened in writing to cancel, terminate or materially alter (including any material reduction in the rate or amount of sales or purchases, as the case may be) its relationship with the Business. As of the date hereof, to the Sellers' Knowledge, there is no reason to believe that there will be any adverse change in the relationships of the Business with such customers and suppliers as a result of the Contemplated Transactions.

-32-

### 3.20. Intellectual Property.

(a) Schedule 3.20(a) sets forth a true and complete list of all material Intellectual Property used in the Business. With the exception of the software licenses listed on Schedule 5.3(b)(i), the Sellers are the sole and exclusive owner of all right, title and interest in and to the Intellectual Property set out in Schedule 3.20(a) free and clear of any Liens other than Permitted Liens, and, to the Sellers' Knowledge, all such Intellectual Property is enforceable and valid. With respect to all Assigned Intellectual Property that constitutes Acquired Assets and is registered or subject to a pending application for registration, Schedule 3.20(a)(ii)-(v) sets forth a list of all Assigned Intellectual Property in all jurisdictions in which such Assigned Intellectual Property that constitutes Acquired Assets is registered or registrations have been applied for and all registration and application numbers. Except as set forth in Schedule 3.20(b), during the past three (3) years the Sellers have not received any communication from a third party asserting any ownership interest in any such Assigned Intellectual Property.

(b) Except as set forth in Schedule 5.3(b)(i), the Sellers are, and on the Closing Date the Buyers will be, the sole and exclusive owners of, and the Sellers have, and on the Closing Date the Buyers will have, in connection with

the Business, the right to exploit and sublicense, without payment to any other Person, all Assigned Intellectual Property that constitute Acquired Assets and the consummation of the acquisition of the Acquired Assets, the ownership of the Business by the Buyers and the other Contemplated Transactions do not and will not conflict with, alter or impair any such rights in any material respect.

(c) Except as set forth in Schedule 3.20(c), there have been no grants of any license of any kind relating to any Assigned Intellectual Property that constitutes Acquired Assets or the development, marketing or distribution thereof except for the non-exclusive licenses that accompany the sale of the products in the Ordinary Course of Business.

(d) Except as set forth in Schedule 5.3(b)(i) and except for third party licenses (including software licenses) and other agreements relating to non-material Intellectual Property used by the Sellers in the Ordinary Course of Business that are licensed on an annual basis involving fees of no more than \$20,000, the Sellers are not bound by or a party to any option, license or similar Contractual Obligation relating to the Assigned Intellectual Property regarding the use of such Assigned Intellectual Property that is necessary to the conduct of the Business.

(e) Except as set forth in Schedule 3.20(b), to the Sellers' Knowledge, during the last three (3) years, (i) the Sellers have not received any written communication alleging or indicating that the conduct of the Business violates, conflicts with, misappropriates, misuses, dilutes or infringes (whether directly, as a contributory infringer, through inducement or otherwise) any third Person's Intellectual Property rights; (ii) no claims are pending or, to the, threatened against the Sellers by any Person with respect to the ownership, validity, scope, enforceability, effectiveness or use in the Business of the Assigned Intellectual Property; (iii) the Sellers have received any written cease-and-desist or invitation to license patent letters or written threats from any third party alleging infringement or misappropriation with respect to any third Person's Intellectual Property rights, and (iv) except as would not reasonably be expected to be material to the Business, the conduct of the does not violate, conflict with, misappropriate, misuse, dilute or infringe (whether directly, as a contributory infringer, through inducement or otherwise) the Intellectual Property rights of any third Person. Except as set forth in Schedule 3.20(b) and excluding any proceedings or lawsuits filed but not served, the Sellers have not been a party to any legal proceedings (including lawsuits, arbitrations, interferences, reexaminations and oppositions) relating to the Assigned Intellectual Property, or relating to a claim asserted by a third party that Sellers have infringed or misappropriated Intellectual Property Rights.

-33-

(f) Except as set forth in Schedule 3.20(d) and to the Sellers' Knowledge, (i) no former or current employees, agents, consultants and independent contractors who have contributed to or participated in the conception and development of Assigned Intellectual Property, has any claim against the Sellers in connection with such Person's involvement in the conception and development of any such Assigned Intellectual Property; (ii) no such claim has been asserted or is threatened; (iii) none of the current officers and employees of the Sellers have any patents issued or applications pending for any device, process, design or invention of any kind now used in the operation of the Business, which patents or applications have not been assigned to the Sellers; (iv) all employees of the Sellers who have participated in the creation or development of material Assigned Intellectual Property have executed and delivered to the Sellers a signed agreement assigning all right, title and interest in and to such material Assigned Intellectual Property; and (v) no former or current employee of the Business is in default or breach of any material term of any non-disclosure agreement, assignment of invention agreement or similar agreement with the Sellers.

(g) To the Sellers' Knowledge, the Sellers have adequate measures regarding data security, privacy, and the use of data and, in any event, are in compliance with all of their Contractual Obligations and all Legal Requirements to: (i) maintain and protect the Sellers' Intellectual Property, including all material Trade Secrets and confidential information included therein; (ii) protect the confidentiality, integrity and security of their computer systems, databases, and websites (and all information, transactions and content stored or contained therein or transmitted thereby) against any unauthorized use, access, interruption, modification or corruption; (iii) collect, use, import, export and protect all personally identifiable information, and other information related

to individuals, in accordance with its privacy policies; (iv) prevent and, there have been no security breaches relating to, violations of any security policy regarding or any unauthorized access or unauthorized use of any data or information used in the Sellers' Business; and (v) determine that consummation of the transactions contemplated hereby will not violate any privacy policy, terms of use, relating to the use, dissemination, or transfer of any data or information used in the Business.

(h) Except as set forth in Schedule 5.3(b)(i), immediately following the Closing, the Buyers will own, lease or license all Intellectual Property that is necessary for the operation of the Business including the capacity and ability to process current peak volumes in a timely manner, and, in the last twelve (12) months, there have been no material failures, breakdowns, breaches, outages or unavailability of such technology systems. All Software developed by or on behalf of the Sellers included in the Assigned Intellectual Property (the "Assigned Software") (i) has been catalogued and documented as reasonably necessary to enable competently skilled programmers and engineers to use, update, and enhance the Assigned Software by readily using the existing source code and documentation, and (ii) is stored with up-to-date catalogued versions that will be accessible by the Buyers' personnel.

-34-

(i) Except for the release of source code to Buyer under a certain agreement between Sellers and Buyer effective December 13, 2004, no source code for the Assigned Software has been delivered, licensed or made available to any escrow agent or other third party, and the Sellers have no duty or obligation (whether present, contingent or otherwise) to deliver, license or make available the source code for any Assigned Software to any escrow agent or other Person.

(j) Except with regard to Assigned Software identified in Schedule 3.20(j), to the Sellers' Knowledge, none of the Assigned Software and any other software distributed, sold, licensed, marketed or otherwise provided by Sellers to third Persons in the operation of the Business: (x) constitutes or is dependent on any open source computer code, or is subject to any license or other Contractual Obligation that (A) requires the Sellers or any Person to divulge any source code or trade secret that is part of such Assigned Software (B) permits the creation of any derivative work based on such Assigned Software or any part thereof, or (C) permits the distribution or redistribution of such the Assigned Software or any part thereof at no charge; or (y) contains any time bomb, virus, worm, Trojan horse, back door, drop dead device, or any other software that would interfere with its normal operation, would allow circumvention of security controls, or is intended to cause damage to hardware, software or data. In the Ordinary Course of Business, Sellers have not distributed, sold, licensed, marketed or otherwise provided to third Persons any open source computer code.

3.21. Publication of Directories. Schedule 3.21(a) lists, as of the date hereof, all directories published by the Sellers for which, during the past two (2) years, either (i) the month of publication changed or (ii) the length of service of such directory changed. Schedule 3.21(b) lists, as of the date hereof, the months of publication and advertising close of all directories published by the Sellers for the 2007 calendar year.

3.22. Intercompany Settlements. Schedule 3.22 sets forth the intercompany accounts between any of the Sellers and their Affiliates and their Related Persons. As of the Closing, no such amounts shall remain outstanding other than amounts set forth on Schedule 3.22 (which amounts shall not be deemed Acquired Assets or Assumed Liabilities). For the avoidance of doubt, the Current Assets of the Business and the Current Liabilities of the Business shall not reflect any such intercompany accounts which accounts shall be Excluded Assets and Excluded Liabilities.

3.23. Books and Records. The books and records of the Sellers relating to the Business are complete and accurate in all material respects.

4. REPRESENTATIONS AND WARRANTIES OF THE BUYERS AND THE GUARANTOR. EACH BUYER AND THE GUARANTOR REPRESENTS AND warrants jointly and severally to the Sellers that the statements set forth in this Section 4 are true, correct and complete as of the date of this Agreement or such other date as may be referred to in any particular representation and warranty.

-35-

4.1. Organization and Qualification of the Buyers. Each Buyer and the Guarantor is duly organized, validly existing and in good standing under the laws of its jurisdiction of organization.

4.2. Authorization of Transaction. Each Buyer and the Guarantor has full corporate power and authority to execute and deliver each Transaction Document to which it is a party and all other instruments, agreements and documents contemplated thereby and has taken all actions necessary to authorize the consummation of the Contemplated Transactions and the performance of its obligations hereunder and thereunder. Each Transaction Document to which a Buyer and/or the Guarantor is a party has been duly executed and delivered by such Buyer or Guarantor and is Enforceable against such Party.

4.3. Government Authorization. The execution, delivery and performance by each Buyer and/or the Guarantor of each Transaction Document to which it is a party and the consummation of the Contemplated Transactions by such Buyer or the Guarantor, as the case may be, require no action (including any authorization, consent or approval) by or in respect of, or filing with, any Governmental Authority.

4.4. Noncontravention. The execution, delivery and performance by each Buyer and/or the Guarantor of each Transaction Document to which it is a party and the consummation of the Contemplated Transactions by such Party do not and will not (i) violate, conflict with or result in a default under the Organizational Documents of such Party, (ii) violate in any material respect any applicable Legal Requirement, (iii) require any consent or other action by any Person under, conflict with, constitute a default or breach under or give rise to any right of termination, cancellation or acceleration of any right or obligation or to a loss of any material benefit to which such Party is entitled under any provision of any material agreement or other material instrument binding upon such Party or (iv) result in the creation or imposition of any Lien on any asset of such Party, except for Permitted Liens.

4.5. Brokers' Fees. The Buyers and the Guarantor shall be obligated for the payment of all fees or expenses of any broker, agent or finder engaged by any of them in connection with and for this Agreement or the Contemplated Transactions. The Buyers and the Guarantor represent and warrant that there are no Liabilities with respect to any brokers' or finders' fees or commissions relating to the Contemplated Transactions for which the Sellers could become liable or obligated.

4.6. Necessary Funds. The Guarantor has available to it as of the date hereof, and the Buyers will have available to them as of the Closing, sufficient funds necessary to pay the Purchase Price and to consummate the Contemplated Transactions.

## 5. COVENANTS.

### 5.1 Covenants of the Sellers Relating to Conduct of the Business.

(a) Except as provided in this Agreement or permitted by prior written consent of the Buyers, the Sellers shall operate the Business only in the Ordinary Course of Business from the date hereof until the Closing Date.

-36-

(b) Between the date of this Agreement and the Closing, the Sellers shall preserve the business organization of the Business intact and use commercially reasonable efforts to keep available to the Buyers the services of the present officers and employees of the Business and preserve for the Buyers the goodwill of, and relationships with, the suppliers, customers, distributors, sales representatives and others having business relations with the Business.

(c) Between the date of this Agreement and the Closing, the Sellers shall hire or terminate any employees, consultants and sales representatives whose responsibilities relate to the Business only in the Ordinary Course of Business and the Sellers shall not hire or terminate any officer or director whose responsibilities relate to the Business without the prior written consent of the Buyers unless such termination is for clear and substantial cause (provided, that the Sellers shall provide the Buyers with prompt notice following (i) the resignation or termination for clear and substantial cause of any consultants, officers, directors or employees other than sales

representatives).

(d) Between the date of this Agreement and the Closing, the Sellers shall maintain in force the insurance policies referred to in Schedule 3.18 or, with respect to any such policies that will expire in such period, new insurance policies providing the same or substantially similar coverage.

(e) Between the date of this Agreement and the Closing, the Sellers shall consult in good faith on a regular and frequent basis with the representatives of the Buyers to report material operational developments and the general status of ongoing operations pursuant to procedures related to the Business reasonably requested by the Buyers or such representatives that do not unreasonably interfere with the Sellers' operation of the Business.

(f) Without limiting the generality of the foregoing subsections of this Section 5.1, except as set forth in Schedule 5.1 or as expressly permitted or required by this Agreement, prior to the Closing, the Sellers shall not, without the prior written consent of the Buyers, with respect to the Business:

- (i) move from any Facility covered by a Significant Lease (if such asset is located at any of the Facilities), sell, lease, license or otherwise dispose of any of the Acquired Assets, except inventory of finished goods sold, obsolete inventory disposed of and consumable raw materials used, in each case, in the Ordinary Course of Business, or cancel, waive, settle, release or otherwise compromise any material indebtedness, claim, litigation, dispute or other proceeding or any right of material value relating to the Business;
  - (ii) make any acquisition of stock or other equity interests in, or any material amount of property or assets, including any business or portion thereof, of, any Person, in each case whether directly or indirectly, including by merger, consolidation or other business combination (including the formation of a joint venture);
- 37-
- (iii) make any changes in the rate or terms of compensation of any officer or employee of the Parent primarily performing services to the Business or any officer or employee of the other Sellers, or enter into any Contractual Obligation to do so, except for (x) normal periodic adjustments in the Ordinary Course of Business and (y) changes required by applicable Legal Requirement;
  - (iv) institute or execute any new or modify any existing severance or termination pay practices, whether conditionally or otherwise and whether pursuant to a Contractual Obligation, Employee Plan, or otherwise, with respect to any officer, director or employee of the Parent primarily performing services to the Business or any officer or employee of the other Sellers, or any consultant of the Sellers whose responsibilities relate to the Business, other than in the Ordinary Course of Business;
  - (v) adopt, amend or terminate any the Seller Plan with respect to benefits provided to the Sellers' employees employed in the Business, except as required by applicable Legal Requirement, or enter into, adopt, extend (beyond the Closing Date), renew or amend any collective bargaining agreement or other Contractual Obligation with any labor organization, union or association, except as required by applicable Legal Requirement;
  - (vi) cause or permit any Acquired Asset to become subject to any Lien of any nature whatsoever, other than Permitted Liens;
  - (vii) enter into any Contractual Obligation relating to the Business outside the Ordinary Course of Business, or terminate, amend or extend any Contractual Obligation relating to the Business or any material permit outside the Ordinary Course of Business;

- (viii) make any change in any method of accounting with respect to the Business, other than such changes required by GAAP, or write off, write up or write down to any material degree the value of the Acquired Assets or revalue to any material degree the Acquired Assets other than in the Ordinary Course of Business and as required by GAAP;
- (ix) with respect to the Business, settle any Action, other than settlements involving not more than \$50,000 in the aggregate (net of insurance proceeds), that do not require any actions (other than payment) or impose any material restrictions on the Business;
- (x) with respect to the Business and except for emergency repairs and expenditures required in order to comply with applicable Legal Requirement, make capital expenditures in excess of \$50,000 that are not specified in the current capital expenditure budgets for the Business that the Sellers have previously made available to the Buyers; or otherwise deviate by more than \$80,000 in the aggregate from such capital expenditure budgets;

-38-

- (xi) with respect to the Business, enter into any new line of business or introduce any new product or service;
- (xii) authorize, commit to do or agree to take, whether in writing or otherwise, any of the foregoing actions referred to in this Section 5.1;
- (xiii) change any of its practices, policies, procedures or timing of the collection of accounts receivable or payment of accounts payable, billing of its customers, pricing and payment terms, rebates and sales practices, cash collections, cash payments, inventory management, prepaid expenses or terms with vendors from the Policies; or
- (xiv) with respect to Telephone Directories, begin new Telephone Directories, close current Telephone Directories, or change the publication dates or closing dates for Telephone Directories except in the Ordinary Course of Business.

5.2. Payment Received. In the event that a Party receives any payment or other amount owing to such Party but allocated to another Party pursuant to this Agreement, the receiving Party agrees to forward such payments in good faith as promptly as practicable to the applicable Party.

### 5.3. Commercially Reasonable Efforts; Third Party Consents.

(a) Each Party shall use its commercially reasonable efforts to take or cause to be taken all actions or do or cause to be done all things necessary, proper or advisable to fulfill the mutual conditions to Closing and the conditions to Closing of the other Party hereunder and to cause the Closing to occur as soon as practicable. Each of the Parties hereto will furnish to the other Party hereto such necessary information and reasonable assistance as such other Party may reasonably request in connection with its preparation of necessary filings or submissions to any Governmental Authority and promptly notify the other Party of any written communication to it from any Governmental Authority with respect to this Agreement or the Contemplated Transactions. The Buyers and the Sellers each agree (i) to file as promptly as reasonably practicable any Notification and Report Forms and related material that may be required to be filed with the Federal Trade Commission and the United States Department of Justice under the HSR Act, (ii) to use its commercially reasonable efforts to obtain an early termination of the applicable waiting period, and (iii) to make any further filings pursuant thereto that may be necessary, proper, or advisable. For purposes of this Section 5.3(a), the "commercially reasonable efforts" of the Buyers and the Sellers shall include opposing any motion or action for a temporary, preliminary or permanent injunction against or other prohibition of the Closing, but shall exclude entering into a consent decree, or other order or other agreement, or giving an assurance, commitment or undertaking, to hold separate or divest (pursuant to any terms as may be



required by a Governmental Authority) the business, products and assets of any product or service lines, of the Business or any other business, product line, service lines division or subsidiary of the Buyers or any Affiliate of the Buyers. At the Closing, the Sellers will provide the Buyers with a copy of the materials it filed with the Federal Trade Commission and the United States Department of Justice in connection with this Agreement; provided, however, that the Sellers may redact therefrom any information unrelated to the Business.

-39-

(b) In addition to the Sellers' obligations under Section 5.3(a), the Sellers shall have the following obligations following the date hereof and until December 31, 2008 (other than with respect to the Significant Leases in which such obligation shall remain until the termination of the current term of such Significant Lease) with respect to the Sellers' Consents set forth on Schedule 5.3(b): (i) as soon as practicable and in any event within three (3) Business Days after the date hereof, the Parties shall mutually agree upon the form of written request for consent and within five (5) Business Days after the date such form is agreed upon, the Sellers shall (x) have sent by overnight courier a written request for consent, in the form agreed upon, to all of the Persons whose consent is required pursuant to the Contractual Obligations set forth in Schedule 5.3(b) and requiring such Sellers' Consents and (y) provide the Buyers with copies of all such written requests (and, for software, the consent will ask the applicable third party to permit the continued use of such software in the Business following the Closing under the existing license terms and conditions); (ii) the Sellers shall promptly (and in any event within two (2) Business Days) provide written notice to the Buyers (a "Notice of Communication") advising the Buyers of any communication received from any such Persons, and shall contemporaneously provide a copy of such Notice of Communication to the Buyers; (iii) during the three (3) Business Day period following receipt by the Buyers of a Notice of Communication the Sellers shall in good faith cooperate with the Buyers to enable the Buyers the opportunity to participate in responding to such Notice of Communication; (iv) in the event that any Person whose consent is required pursuant to a Significant Lease other than the Office Lease refuses consent or requires the payment of any consideration to obtain consent under any such Significant Lease in addition to the costs set forth on Schedule 5.11 (which shall be borne solely by the Sellers), the Sellers, on the one hand, and the Buyers, on the other hand, shall each pay 50% of the amount of any such consideration; and (v) in the event that a landlord for any Significant Lease (other than for the Office Lease) provides a Notice of Communication that refuses to consent or terminates any such Significant Lease, the Sellers, on the one hand, and the Buyers, on the other hand, shall each be responsible for 50% of any costs, fees and expenses incurred to move the Buyers to a new location selected by the Buyer in the same geographic location as such Significant Lease is presently located. Notwithstanding the foregoing, in the event any of the time period requirements set forth in clauses (i), (ii) or (iii) of this Section 5.3(b) are not complied with by the Sellers, the Buyers shall provide notice of such non-compliance to the Sellers in accordance with Section 10.5(c) of this Agreement with a copy sent to Ron Kochman of the Sellers and Bryan Zetlin, Esq. of Troutman Sanders LLP and the Sellers shall have two (2) Business Days from the date the Sellers receive such notice to cure such non-compliance. As soon as reasonably practicable after the Closing, the Buyers shall request consent from each Person whose consent is required under each Real Property Lease.

(c) The Sellers acknowledge that the Buyers intend, prior to the occurrence of the Closing, to establish the employee benefit plans referred to in Schedule 6.2(i)(y) and the Sellers agree to take, all necessary actions to (i) provide the Buyers with copies of all employee benefit plan and related documents and all information reasonably requested by the Buyers as it relates thereto; (ii) fully vest Seller Employees in their account balances and, to the extent permitted by applicable Legal Requirement, unless otherwise requested by the Seller Employees who have agreed to become employees of the Buyers, assist in the transfer of their account balances under the Volt 401(k) Savings Plan and any other qualified profit-sharing or other retirement plans maintained by the Sellers or their Affiliates to the 401(k) plan established by the Buyers or one of their Affiliates and (iii) the Sellers will also cooperate with the Buyers to transfer all balances, if any, to Seller Employees who have agreed to become employees of the Buyers under the Volt Flexible Spending Account to the Yellow Pages Group Spending Account to be established by the Buyers.

-40-

5.4. Access to Books, Records, etc. Subject to Section 5.5 below, the Sellers shall afford to the Buyers, the Guarantor, and their respective accountants, counsel, environmental consultants, financing sources and other representatives and advisors of the Buyers, the Guarantor or of any of the foregoing Persons (such entities and representatives other than the Buyers and the Guarantor being referred to as the "Buyers' Representatives") reasonable and timely access in a manner that does not unreasonably interfere with the normal operations of the Business, during the period prior to the Closing, to all the employees, managers, customers, suppliers, brokers, sales representatives, accountants, assets, properties, books, Contractual Obligations, commitments, information systems, Tax Returns and Records of the Business, and, during such period shall furnish promptly to the Buyers, the Guarantor and the Buyers' Representatives any information concerning the Business, the Acquired Assets or the Assumed Liabilities as the Buyers may reasonably request. Without limiting the generality of the foregoing, within fifteen (15) days after the end of each fiscal month after the date hereof through the Closing Date, the Sellers shall deliver to the Buyers monthly financial statements for the Business for that fiscal month and, upon the Buyers' request, meet with the Buyers to review and discuss the results of operations and changes in financial position reflected therein.

#### 5.5. Confidentiality.

(a) (x) The Sellers shall keep confidential, and use commercially reasonable efforts to cause their respective Affiliates and each of their respective officers, directors, employees, representatives and advisors to keep confidential, (i) all confidential information regarding the Buyers, any of their Affiliates or any of its or their businesses being provided to it in connection with the Contemplated Transactions and (ii) after the Closing all information relating to the Business, the Acquired Assets or the Assumed Liabilities and (y) the Buyers and the Guarantor shall keep confidential, and use commercially reasonable efforts to cause their respective Affiliates, each of their respective officers, directors, employees, and advisors and each Buyer Representative to keep confidential (i) all confidential information (including, without limitation, information that is contained in any Record constituting an Acquired Asset) relating to any business of the Sellers or any of their Affiliates and (ii) after the Closing, all such information other than information related to the Business, except (in the case of each of clauses (x) and (y) above) (A) as required by law or administrative process (to the extent so required) (in which case the Party required to disclose confidential information shall promptly notify the other Party and give the other Party an opportunity to oppose such disclosure), (B) for information that is publicly available on the Closing Date, or thereafter becomes publicly available other than as a result of a breach of this Section 5.5(a), (C) with respect to the obligations of the Sellers, (I) information relating to the Business that primarily relates to any Excluded Asset or Excluded Liability, including any such information needed to prosecute or defend any litigation or dispute that constitutes an Excluded Asset or Excluded Liability; provided that any portion of such information that also relates to any of the Acquired Assets or Assumed Liabilities will not be covered by the exception in this clause (C) or (II) as reasonably necessary in connection with any claim of the Sellers hereunder against the Buyers or any claim of the Buyers hereunder against the Sellers or the Sellers' pursuit of remedies against any third party in connection with any such claim or (D) with respect to the obligation of the Buyers, as reasonably necessary in connection with any claim of the Buyers hereunder against the Sellers or any claim of the Sellers hereunder against the Buyers or the Buyers' pursuit of remedies against any third party with respect to any such claim. The covenant set forth in this Section 5.5(a) shall terminate three (3) years after the Closing Date and shall supersede all confidentiality obligations of the Parties contained in the letter agreement dated as of June 13, 2008, between Yellow Pages Group Co. and the Parent.

-41-

(b) Each Party providing any information in connection with this Agreement is not waiving, and will not be deemed to have waived or diminished, any of its attorney work product protections, attorney-client privileges or similar protections and privileges as a result of disclosing such information (including information related to pending or threatened litigation) to the other Party, regardless of whether such disclosing Party has asserted, or is or may be entitled to assert, such privileges and protections. The Parties (i) share a common legal and commercial interest in all of such information that is subject to such privileges and protections; (ii) may become joint defendants in

proceedings to which such information covered by such protections and privileges relates; (iii) intend that such privileges and protections remain intact should any Party become subject to any actual or threatened proceeding to which such information covered by such protections and privileges relates; and (iv) intend that after the Closing the receiving Party shall have the right to assert such protections and privileges. No receiving Party shall admit, claim or contend, in proceedings involving either Party or otherwise, that any Party disclosing such information waived any of its attorney work-product protections, attorney-client privileges or similar protections and privileges with respect to any information, documents or other material disclosed to a Party due to a disclosing Party disclosing information (including information related to pending or threatened litigation) to such receiving Party.

(c) Notwithstanding anything herein to the contrary, the Buyers (and their Affiliates) and the Sellers (and their Affiliates) may disclose to any and all persons, without limitation of any kind, the tax treatment and the tax structure of, and tax strategies relating to, the transactions contemplated herein and all materials of any kind (including opinions or tax analysis) that are provided to any of such parties relating to such tax treatment, tax structure and tax strategies.

#### 5.6. Post-Closing Cooperation.

(a) The Buyers and the Sellers shall cooperate with each other, and shall cause their officers, employees, agents, auditors and representatives to cooperate with each other after the Closing to ensure the orderly transition of the Business from the Seller to the Buyers and to minimize any disruption to the Business and the other businesses of the Sellers and the Buyers that might result from the Contemplated Transactions. After the Closing, upon reasonable notice and subject to Section 5.5, the Buyers and the Sellers shall furnish or cause to be furnished to each other and their employees, counsel, auditors and representatives access (including the ability to make copies), during normal business hours, to such information and assistance relating to the Business (to the extent within the control of such Party or any of its Affiliates) reasonably necessary for (i) financial reporting, Tax and accounting matters, (ii) defense or prosecution of litigation and disputes or (iii) for a Party to determine any matter relating to its rights or obligations hereunder.

-42-

(b) After the Closing, upon reasonable written notice and subject to Section 5.5, the Buyers and the Sellers shall furnish or cause to be furnished to each other, as promptly as practicable, such information and assistance (to the extent within the control of such Party) relating to the Business, Acquired Assets (including, access to Records) or Assumed Liabilities as is reasonably necessary for compliance or in connection with accounting and reporting requirements, filing of all Tax Returns, and making of any election related to Taxes, the preparation for any audit by any Taxing Authority, the prosecution or defense of any claim, suit or proceeding related to any Tax Return, or any other inquiry, investigation, dispute, litigation or other proceeding to which any of the Sellers or the Buyers is a party and which involves the Business, Acquired Assets or Assumed Liabilities. The Sellers and the Buyers shall cooperate with each other in the conduct of any audit or other proceeding relating to Taxes involving the Business. In the event that the Sellers or the Buyers shall after the Closing take any position in any Tax Return, or reach any settlement or agreement relating to Taxes on audit, which is in any manner inconsistent with any position taken by the Sellers in any Tax filing, settlement or agreement made by the Sellers prior to the Closing and such inconsistent position (i) might require the payment by the Buyers or the Sellers of more Tax than would have been required to be paid had such position not been taken or such settlement or agreement not been reached, (ii) affects the determination of useful life, basis or method of depreciation, amortization or accounting of any of the Acquired Assets or any of the properties, assets or rights of the Buyers or (iii) might accelerate the time at which any Tax must be paid by the Buyers or the Sellers, then the Buyers or the Sellers, as the case may be, shall provide timely and reasonable notice to the other of such position.

(c) Each of the Buyers and the Sellers will retain all Records pertaining to the Business in existence on the Closing Date for a period of seven (7) years following the Closing. No such Records or other documents shall be destroyed or disposed of by any retaining Party at any time without first advising the other Party in writing and giving such Party a period of ten (10) Business Days after receipt of such advise in which to request possession

thereof for the purposes permitted by this Section 5.6.

(d) Each of the Buyers and the Sellers shall reimburse the other for reasonable out-of-pocket costs and expenses incurred in assisting the other pursuant to this Section 5.6. Neither the Buyers nor the Sellers shall be required by this Section 5.6 to take any action that would unreasonably interfere with the conduct of its business or unreasonably disrupt its normal operations (including, in the case of the Buyers, the operations of the Business). Any information received by the Sellers or the Buyers pursuant to clauses (a), (b), (c) and (d) of this Section 5.6 shall be subject to Section 5.5.

5.7. Non-Assignable Assets. Following the Closing and through December 31, 2008, if requested by the Buyers, the Sellers shall use commercially reasonable efforts at no expense to the Sellers to cooperate with and assist the Buyers in obtaining any Sellers' Consents not required to be obtained under Section 5.3(b) and not obtained as of the Closing. To the extent that any required Sellers' Consent is not obtained under Section 5.3(b), at the Buyers' request the Sellers and the Buyers shall (with a term concluding no later than December 31, 2008) enter into agreements for each Contractual Obligation, permit or other right for which consent was not obtained, under which the Buyers shall obtain the rights and benefits of any such Contractual Obligation, permit or other right at the Buyers' cost and assume the corresponding obligations and liabilities of the Sellers thereunder, so that the Parties are, to the greatest extent possible, put in the same position they would have been in had such consent been obtained unconditionally and without recourse. Such agreements may be in the form of a subcontract, sub-license or sub-lease appointing the Buyers as agent to the Sellers to perform such Lease, Contractual Obligation, permit or other right, or any other appropriate arrangement under which the Buyers could enforce for the benefit of the Buyers any and all rights and benefits of the Sellers, economic or otherwise, against the third party thereto, all as agreed by the Parties.

-43-

#### 5.8. Responsibility for Taxes and Tax Returns.

(a) Except as provided in Section 5.8(b) with respect to the Straddle Period Tax Returns for property and Employment Taxes (together, the "Buyers Tax Returns"), the Sellers will be responsible for the preparation and filing of all Tax Returns of the Sellers (including Tax Returns required to be filed after the Closing Date) to the extent such Tax Returns include or relate to the Sellers' operation of the Business or the Sellers' use or ownership of the Acquired Assets on or prior to the Closing Date. Such Tax Returns shall be true, complete and correct and prepared in accordance with applicable law. Subject to Section 7.4 (Tax Indemnity), the Sellers will be responsible for and make all payments of Taxes shown to be due on such Tax Returns (other than Buyers Tax Returns) to the appropriate Governmental Authority to the extent they relate to the Acquired Assets.

(b) In the case of any Taxable period that includes (but does not end at) the Effective Time (a "Straddle Period"), the amount of any Taxes of the Sellers based upon or measured by net income or gain which relate to the Pre-Effective Time Tax Period will be determined based on an interim closing of the books as of the close of business at the Effective Time (and for such purpose, the Taxable period of any partnership or other pass-through entity in which the Sellers hold a beneficial interest will be deemed to terminate at such time). To the extent any other Taxes for a Straddle Period are based upon the ownership of Acquired Assets, the apportionment of each such Tax shall take into account the ownership of such property by the Sellers during the portion of the Pre-Effective Time Tax Period in the Straddle Period and the ownership of such property by the Buyers during the portion of the Post-Effective Time Tax Period in the Straddle Period. To the extent any Taxes for a Straddle Period are based upon the payment of employee compensation (including payments in the nature of Taxes on employment pursuant to statutory unemployment, disability and workers' compensation programs (the "Employment Taxes") with respect to the Seller Employees, such Employment Taxes shall be apportioned in accordance with the payment or accrual of such compensation to the Seller Employees by the Sellers during the portion of the Pre-Effective Time Tax Period in the Straddle Period and by the Buyers during the portion of the Post-Effective Time Tax Period in the Straddle Period. In addition, any Taxes which are based upon the occurrence of a transaction other than Employment Taxes (e.g., sales or use taxes) shall be allocated to the Pre-Effective Time Tax Period or Post-Effective Time Tax Period

based upon the timing of such occurrence. Notwithstanding anything to the contrary in this Section 5.8(b), the Sellers shall not be liable for Employment Taxes included in Buyers' Assumed Payroll and the Buyers shall be liable for such Employment Taxes.

-44-

(c) In the event that the actual amount of any such Taxes for an applicable Tax period is not known as of the Effective Time, the proration of such Taxes shall be made based upon the latest available Tax figures, and when the actual Tax bills for such Taxes for the applicable Tax period is received by either the Buyers or the Sellers, such Party shall provide notice of its receipt and a copy of such bills to the other Party, and if necessary, the Parties shall thereafter promptly make a cash settlement based upon the actual Tax rates and appraised values.

5.9. Sales Taxes, Transfer Taxes and Fees. All transfer, documentary, stamp, registration and other such Taxes (collectively, the "Transfer Taxes"), and any conveyance fees or recording charges incurred in connection with the Contemplated Transactions will be paid by the Sellers when due. All sales and use Taxes (the "Sales Taxes") incurred in connection with the Contemplated Transactions, excluding with respect to any payments to the Sellers under a transition services agreement, shall be paid in accordance with Schedule 5.9, and at the Sellers' request shall be remitted to the Sellers together with the Purchase Price for further payment to the appropriate taxing authority. Sales Tax due on payments under the Transition Services Agreement shall be paid by the Buyers. The Sellers will, at their own expense, file all necessary Tax Returns and other documentation with respect to all such Taxes, fees and charges and, if required by Legal Requirement, the Buyers will (and will cause their Affiliates to) join the execution of any such Tax Returns and other documentation.

5.10. Wage Reporting. The Buyers and the Sellers agree to utilize, or cause their respective Affiliates to utilize, the alternate procedure set forth in Internal Revenue Service Revenue Procedure 2004-53 with respect to wage reporting for employees of the Seller which become employees of the Buyers in connection with the Contemplated Transactions.

5.11. Landlord Estoppel Certificates. Within eight (8) Business Days following the Closing Date, the Sellers shall deliver a Landlord Estoppel Certificate, substantially in the form of Exhibit G attached hereto, to each landlord under a Significant Lease. Thereafter, the Sellers shall, in accordance with Schedule 5.11 and Section 5.3(b), use commercially reasonable efforts to obtain a completed and executed Landlord Estoppel Certificate from each such landlord at least five (5) Business Days prior to Closing. The Sellers shall deliver a copy of each executed Landlord Estoppel Certificate to the Buyers promptly upon the Sellers' receipt thereof.

5.12. Use of Office Space. Provided that the Sellers have obtained the consent relating to the premises covered by the Office Sublease, at the Closing, the Sellers and the Buyers shall execute and deliver the Office Sublease, which shall govern the Buyers' use and occupancy of its portion of the Facility covered by the Office Sublease after the Closing.

5.13. Employment Matters. At least ten (10) Business Days prior to the Closing Date, the Sellers shall provide to the Buyers a list of the Seller Employees along with their current telephone numbers, home addresses and social security numbers; provided, however, that the Sellers shall not be required to provide such information for the Seller Employee to the Buyers unless such Seller Employee authorizes the Sellers to release such information to the Buyers, and the Sellers agree to make reasonably diligent efforts to secure such authorizations; provided, further, that the Buyers will not consider for possible employment any Seller Employee who does not authorize such release. At the Effective Time, the Sellers shall provide to the Buyers employee personnel files related to all the Seller Employees that have been offered and accepted employment with the Buyers subject to the authorization by such Seller Employees to the Buyer to release the same. At all times prior to the Closing Date, the Sellers agree to cooperate reasonably with the Buyers in respect to the potential hiring by the Buyers of any Seller Employee on or after the Closing Date, including by responding to any reasonable requests by the Buyers for information about or access to any Seller Employee. The Sellers shall be responsible for timely compliance with all applicable Legal Requirements respecting the effect upon any of its employees, including the Seller Employees, of the Contemplated Transactions, the WARN Act and any similar state or local

laws concerning layoffs or the closing or relocation of worksites or the like, which effect arises out of or results from any termination of employment by the Sellers on or before the Closing Date. The Sellers and their respective Affiliates shall be responsible for any and all obligations under Section 601 et seq. of ERISA and Section 4980B of the Code ("COBRA") to provide health continuation coverage to any employee or former employee (and any beneficiaries) of the Sellers and their respective Affiliates who experiences a "qualifying event" (as defined in COBRA) prior to the Closing.

-45-

5.14. [Intentionally omitted].

5.15. [Intentionally omitted].

5.16. License Agreement. At the Closing, the Buyers shall execute and deliver a license in the form to be mutually agreed upon by the Parties, which shall govern the use of Intellectual Property, or Assigned Intellectual Property after the Closing.

5.17. Seller Release. Effective as of the Closing, each Seller hereby releases, remises and forever discharges any and all rights and claims that it has had, now has or might now have against or with respect to the Business except for (a) rights and claims arising from or in connection with the Transaction Documents and (b) rights and claims arising from or in connection with claims asserted against such Seller by third parties for which the Buyers Indemnified Persons are not entitled to indemnification by such Seller pursuant to Article 7.

5.18 Exclusivity. From the date of this Agreement until the Closing or the termination of this Agreement, the Sellers will not (and will not permit their respective Affiliates or any of their Affiliates' Representatives to) directly or indirectly: (a) solicit, initiate, or encourage the submission of any proposal or offer from any Person relating to, or enter into or consummate any transaction relating to, the acquisition of the Business or any merger, recapitalization, share exchange, sale of substantial assets (other than sales of inventory in the Ordinary Course of Business) or any similar transaction or alternative to the Contemplated Transactions or (b) participate in any discussions or negotiations regarding, furnish any information with respect to, assist or participate in, or facilitate in any other manner any effort or attempt by any Person to do or seek any of the foregoing. The Sellers will notify the Buyers immediately if any Person makes any proposal, offer, inquiry or contact with respect to any of the foregoing (whether solicited or unsolicited).

-46-

5.19. Publicity. Other than a press release announcing the execution of this Agreement in a form mutually agreed which shall be issued by each Party on the date hereof, no other public announcement or disclosure will be made by any Party with respect to the subject matter of this Agreement or the Contemplated Transactions without the prior written consent of the other Party; provided, however, that the provisions of this Section 5.19 will not prohibit (a) any disclosure required by any applicable Legal Requirements (in which case the disclosing Party will provide the other Parties with the opportunity to review in advance the disclosure) or (b) any disclosure made in connection with the enforcement of any right or remedy relating to this Agreement or the Contemplated Transactions.

5.20. Corporate Name. Promptly after the Closing Date, the DE Sub and the GA Sub shall execute and file all necessary documents to amend the corporate name of the DE Sub and the GA Sub to remove all references to "DataNational" or any derivation thereof, and shall execute any other documents, certificates or agreements the Buyers deems reasonably necessary to avoid confusion regarding the relationship of the DE Sub and the GA Sub to the Business. After giving effect to the Contemplated Transactions, the Buyers shall have the exclusive right to use the name "DataNational" for and in connection with the Business.

5.21. Insurance. Effective as of the Closing Date, the Buyers shall have and continue to maintain insurance coverage customary for the industry in which the Business operates.

5.22. Automobiles. As soon as practicable after the Closing, the Sellers

shall cause the automobiles owned or leased by the Sellers which are set forth on Schedule 5.22 to be assigned to the Seller Employees who used such automobiles as of the date of this Agreement.

5.23. Accounting Services. At least five (5) Business Days prior to the Closing, in order to allow the Buyers to provide all accounting services consistent with such services provided by the Parent to the Directory Systems division in the one year period prior to Closing, Sellers shall provide to the Buyers the accounting set-up relating to the Business which exists on the systems of the Parent by setting up the proper chart of accounts, accounts payable process tools and data and reporting as a separate entity in the SBT accounting system being transferred to Buyers in connection with the transactions contemplated hereby.

5.24. URL Redirect. For a period of ten (10) years from and after the Closing Date, the <http://www.voldtdirectory.com> home page (or its successor) will contain an announcement to be mutually agreed upon by the Parties to announce the sale of the Business. Such announcement will also contain an interactive hyperlink to direct users to a web page to be specified by the Buyers for further information.

## 6. CONDITIONS PRECEDENT.

6.1. Conditions to Each Party's Obligation to Effect the Closing. The respective obligation of each Party to effect and complete the Closing is subject to the satisfaction or waiver as of the Closing of the following conditions:

(a) Governmental Approvals. The waiting period under the HSR Act shall have expired or been terminated and all other authorizations, consents, orders or approvals of, or declarations or filings with, or expirations of waiting periods imposed by, any Governmental Authority listed on Schedule 6.1(a) shall have been obtained or filed.

-47-

(b) No Injunctions or Restraints. No applicable Government Regulation, temporary restraining order, preliminary or permanent injunction or other order or judgment issued by any Governmental Authority or other legal restraint or prohibition preventing the consummation of the Contemplated Transactions shall be in effect; provided, however, that the Buyers and the Sellers shall have used their commercially reasonable efforts to prevent the entry of any such injunction or other order and to appeal as promptly as possible any such injunction or other order that may be entered.

(c) Closing Documents. Each Closing Document shall have been executed and delivered to the respective Parties to such agreements by the other Parties thereto.

6.2. Conditions to Obligations of the Buyers. The obligation of the Buyers to effect and complete the Closing is further subject to satisfaction or waiver as of the Closing of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Sellers contained in this Agreement and in any document, instrument or certificate delivered hereunder (i) that are not qualified by materiality or Material Adverse Effect will be true and correct in all material respects at and as of the Closing with the same force and effect as if made as of the Closing and (ii) that are qualified by materiality or Material Adverse Effect will be true and correct in all respects at and as of the Closing with the same force and effect as if made as of the Closing, in each case, other than representations and warranties that expressly speak only as of a specific date or time, which will be true and correct as of such specified date or time. Notwithstanding the foregoing sentence, the representations and warranties contained in Section 3.1 and Section 3.2 shall be true and correct in all respects at and as of the Closing with the same force and effect as if made as of the Closing in each case, other than representations and warranties that expressly speak only as of a specific date or time, which will be true and correct as of such specified date or time.

(b) Performance of Obligations of the Sellers. Each Seller shall have performed and complied in all material respects with all of its undertakings and

agreements required by this Agreement to be performed or complied with by it prior to or at the Closing; provided, however, that in the event the covenant in Section 5.3(b) is not complied with in all respects, subject to the cure period set forth in Section 5.3(b), the Buyers may immediately terminate this Agreement subject to Section 8.1(c).

(c) Seller Certificate. The Buyers shall have been furnished with a certificate of an authorized officer of the Sellers, dated the Closing Date, certifying that the conditions contained in Sections 6.2(a) and 6.2(b) have been fulfilled.

(d) No Material Adverse Effect. Since May 25, 2008, there shall not have been any event, change, effect or development that, individually or in the aggregate, has had, or would be reasonably expected to have, a Material Adverse Effect.

-48-

(e) No Legal Restraints. There shall not be any judgment or applicable Legal Requirement effective that would, or any Action by a Governmental Authority of competent jurisdiction pending or threatened in writing that seeks to, restrain, prohibit or otherwise interfere with the Contemplated Transactions or the ownership or operation by the Buyers or any of their Affiliates of any portion of the Business or the Acquired Assets, or of any other business or assets of the Buyers or any of their Affiliates by virtue of the Contemplated Transactions, or to compel the Buyers or any of their Affiliates to dispose of all or any material portion of the Business or the Acquired Assets, or of any such other business or assets of the Buyers by virtue of the Contemplated Transactions.

(f) Legal Opinion. The Buyers shall have been furnished with the opinion of Troutman Sanders LLP, counsel to the Sellers, dated as of the Closing Date, in substantially the form attached hereto as Exhibit D.

(g) Proceedings and Documents. All corporate and other proceedings in connection with the Contemplated Transactions and all documents incident thereto will be reasonably satisfactory in substance and form to the Buyers and their counsel (including all Closing Documents), and they will have received all such counterpart original and certified or other copies of such documents as they may reasonably request.

(h) The condition set forth on Schedule 6.2(h) shall have been satisfied as of the Closing.

(i) The conditions set forth on Schedule 6.2(i)(y) shall have been satisfied as of the Closing.

6.3. Conditions to Obligation of the Sellers. The obligation of the Sellers to effect and complete the Closing is further subject to satisfaction or waiver as of the Closing of the following conditions:

(a) Representations and Warranties. The representations and warranties of the Buyers and the Guarantor contained in this Agreement and in any document, instrument or certificate delivered hereunder (i) that are not qualified by materiality or Material Adverse Effect (other than Section 4.1 (Organization and Qualification of the Buyers), Section 4.2 (Authorization of Transaction), Section 4.4 (Noncontravention) and Section 4.5 (Brokers' Fees)) will be true and correct in all material respects at and as of the Closing with the same force and effect as if made as of the Closing and (ii) that are qualified by materiality or Material Adverse Effect will be true and correct in all respects at and as of the Closing with the same force and effect as if made as of the Closing, in each case, other than representations and warranties that expressly speak only as of a specific date or time, which will be true and correct as of such specified date or time. The representations and warranties contained in Section 4.1, Section 4.2, Section 4.4 and Section 4.5 shall be true and correct in all respects at and as of the Closing with the same force and effect as if made as of the Closing in each case, other than representations and warranties that expressly speak only as of a specific date or time, which will be true and correct as of such specified date or time.

-49-

(b) Performance of Obligations of the Buyers and the Guarantor.



The Buyers and the Guarantor shall have performed and complied in all material respects with all of their undertakings and agreements required by this Agreement to be performed or complied with by them prior to or at the Closing.

(c) Buyers Certificate. The Sellers shall have been furnished with a certificate of an authorized officer of the Buyers, dated the Closing Date, certifying that the conditions contained in Sections 6.3(a) and 6.3(b) have been fulfilled.

(d) Guarantor Certificate. The Sellers shall have been furnished with a certificate of an authorized officer of the Guarantor, dated the Closing Date, certifying that the conditions contained in Sections 6.3(a) and 6.3(b) have been fulfilled.

(e) No Legal Restraints. There shall not be any Action by a Governmental Authority of competent jurisdiction pending or threatened in writing that seeks to, restrain, prohibit or otherwise interfere with the Contemplated Transactions.

(f) Proceedings and Documents. All corporate and other proceedings in connection with the Contemplated Transactions and all documents incident thereto will be reasonably satisfactory in substance and form to the Sellers and their counsel (including all Closing Documents), and they will have received all such counterpart original and certified or other copies of such documents as they may reasonably request.

## 7. INDEMNIFICATION.

### 7.1. Indemnification.

(a) Subject to the limitations set forth in this Article 7, Sellers each, jointly and severally, will indemnify and hold harmless the Buyers and each of their Affiliates, and the respective officers, directors, stockholders, partners, members, managers, consultants, advisors, employees, agents and representatives of each of the foregoing (each, a "Buyers Indemnified Person"), from, against and in respect of any and all Losses incurred or suffered by the Buyers Indemnified Persons or any of them as a result of, arising out of or directly or indirectly relating to:

- (i) any breach of, or inaccuracy in, any representation or warranty made by the Sellers in this Agreement or in any other Transaction Document or in any document, schedule, instrument or certificate delivered hereunder (in each case, as such representation or warranty would read if all qualifications as to materiality, including each reference to the defined term "Material Adverse Effect," were deleted therefrom);
- (ii) any breach or violation of any covenant or agreement of the Sellers in or pursuant to this Agreement or any other Transaction Document;
- (iii) any fraud or intentional misrepresentation or willful or criminal misconduct (as determined by a court of competent jurisdiction) by the Sellers or any of their respective Affiliates;

-50-

- (iv) any Excluded Liability;
- (v) any Excluded Asset;
- (vi) the ownership of the assets of the Business or the operation of the Business at or prior to the Effective Time;
- (vii) any claim by any employee or former employee of the Sellers or their respective Affiliates with respect to any matter arising prior to the Closing; or
- (viii) any noncompliance by the Sellers or any of their respective Affiliates with the provisions of any so-called "bulk transfer law" or "bulk sales law".

In the event that the Sellers may be obligated to indemnify a Buyers Indemnified Person under both subsection (i) and subsections (iv)-(viii) of this Section 7.1, the Sellers' obligations under subsections (iv)-(viii) shall be controlling and the limitations provided in Sections 7.2 and 7.3 shall not apply.

(b) Subject to the limitations set forth in this Article 7, the Buyers and the Guarantor, each jointly and severally, will indemnify and hold harmless each Seller and such Seller's Affiliates, and the respective officers, directors, stockholders, partners, members, managers, consultants, advisors, employees, agents and representatives of the foregoing (each, a "Sellers Indemnified Person"), from, against and in respect of any and all Losses incurred or suffered by the Sellers Indemnified Persons or any of them as a result of, arising out of or directly or indirectly relating to:

- (i) any breach of, or inaccuracy in, any representation or warranty made by the Buyers or the Guarantor in this Agreement or in any other Transaction Document or in any document, schedule, instrument or certificate delivered hereunder (in each case, as such representation or warranty would read if all qualifications as to materiality, were deleted therefrom);
- (ii) any breach or violation of any covenant or agreement of the Buyers or the Guarantor in or pursuant to this Agreement or any other Transaction Document;
- (iii) any fraud or intentional misrepresentation or willful or criminal misconduct (as determined by a court of competent jurisdiction) by the Buyers or the Guarantor;
- (iv) any Assumed Liability;
- (v) [Intentionally omitted];
- (vi) any claim by any employee or former employee of the Sellers or their respective Affiliates with respect to any matter arising subsequent to the Closing; or

-51-

- (vii) the ownership of the Acquired Assets and the conduct and operation of the Business after the Effective Time.

In the event that either the Buyers or the Guarantor may be obligated to indemnify a Sellers Indemnified Person under both subsection (i) and subsections (iv)-(vii) of this Section 7.2, the Sellers' obligations under subsections (iv)-(vii) shall be controlling and the limitations provided in Sections 7.2 and 7.3 shall not apply.

7.2. Time Limitations. No claim may be made or suit instituted seeking indemnification in respect of any breach or inaccuracy in any representation or warranty pursuant to Section 7.1(a)(i) or Section 7.1(b)(i) for any breach of, or inaccuracy in, any representation or warranty unless a written notice describing such breach or inaccuracy in reasonable detail in light of the circumstances then known to the party seeking indemnification under Section 7.1 (the "Indemnified Party"), is provided to the party against whom indemnity is sought (the "Indemnifying Party"):

(a) at any time prior to the expiration of the applicable statute of limitations (taking into account any tolling periods and other extensions) in the case of any breach of, or inaccuracy in, the representations and warranties set forth in Section 3.1 (Organization and Qualification of the Sellers), Section 3.2 (Authorization of Transaction), Section 3.17 (Taxes), Section 4.1 (Organization and Qualification of the Buyers) and Section 4.2 (Authorization of Transaction), provided that any claim made prior to the expiration of such time period shall continue until such claim is finally determined or resolved; and

(b) at any time prior to the eighteen (18) month anniversary of the Closing Date, in the case of any breach of, or inaccuracy in, any other representation and warranty in this Agreement; provided, that any claim made prior to the expiration of such time period shall continue to survive until such

claim is finally determined or resolved.

Claims for indemnification pursuant to any other provision of Section 7 are not subject to the time limitations set forth in this Section 7.2.

### 7.3. Monetary Limitations.

(a) An Indemnified Party will not assert any claim for indemnification under Section 7.1(a)(i) or Section 7.1(b)(i) until (i) the aggregate of all Losses suffered or incurred in connection with such claim or series of related claims exceeds thirty five thousand dollars (\$35,000) ("Small Basket"), subject to subsection (ii) below, all such Losses, including the first dollar thereof shall be subject to indemnification if such threshold is exceeded) and (ii) the aggregate of all Losses that the Indemnified Party may claim against the Indemnifying Party under Section 7.1(a)(i) or Section 7.1(b)(i), as applicable, exceed \$2,300,000 (it being understood that in the event such threshold is exceeded, all such Losses, including the first dollar thereof shall be subject to indemnification) (the "Large Basket"). The maximum aggregate liability of the Sellers for all claims by the Buyers Indemnified Persons under 7.1(a)(i) for Losses shall be limited to \$50,000,000 (the "Cap") and the maximum aggregate liability of the Buyers and Guarantor for all claims by the Sellers Indemnified Persons under Section 7.1(b)(i) for Losses shall be limited to the Cap.

-52-

(b) Any and all dollar amounts payable by the Sellers as an Indemnifying Party to the Buyers as an Indemnified Party in connection with a claim for Losses under Section 7.1(a) will be paid in cash by the Sellers in accordance with payment instructions provided by the Buyers. Any and all dollar amounts payable by the Buyers or the Guarantor as an Indemnifying Party to the Sellers as an Indemnified Party in connection with a claim for Losses under Section 7.1(b) will be paid in cash in accordance with payment instructions provided by the Sellers.

(c) Notwithstanding the foregoing, the Small Basket and Large Basket shall not apply to (i) claims related to breaches of or inaccuracies in the representations and warranties set forth in Section 3.1 (Organization and Qualification of Seller), Section 3.2 (Authorization of Transaction), Section 3.5 (Brokers), Section 3.17 (Taxes), Section 4.1 (Organization and Qualification of Buyer), Section 4.2 (Authorization of Transaction), or Section 4.5 (Brokers' Fees); (ii) claims for indemnification pursuant to any provision of Section 7 other than Sections 7.1(a)(i) and 7.1(b)(i); provided however, that the aggregate liability with respect to Losses arising as described in clauses (i) and (ii) hereof shall not exceed the Purchase Price and provided further that nothing herein shall be deemed to limit an Indemnified Party's ability to bring a claim for equitable relief or from bringing any action based on fraud or intentional misrepresentation or other monetary relief available for such claim. Any and all dollar amounts payable by an Indemnifying Party to an Indemnified Party in connection with a claim for Losses under any provision of Section 7 other than Section 7.1(a)(i) and Section 7.1(b)(i) will be paid in cash without deduction or set off by such Indemnifying Party in accordance with payment instructions provided by the Indemnified Party.

(d) Notwithstanding anything to the contrary contained in this Section 7.3, an Indemnified Party will not assert any claim for indemnification under Section 7.1(a)(i) pursuant to a breach of Section 3.13(j)(i) - (ii) until the aggregate of all Losses suffered or incurred in connection with such claim or a series of related claims exceeds thirty five thousand dollars (\$35,000) (it being understood that in the event such threshold is exceeded, all such Losses, including the first dollar thereof shall be subject to indemnification) and such amounts shall not be applied to the Small Basket and Large Basket.

### 7.4. Tax Indemnity.

#### (a) Sellers' Indemnity.

- (i) From and after the Closing Date until thirty (30) calendar days following the expiration of the applicable statute of limitations (taking into account any tolling periods and other extensions), Sellers each, jointly and severally, will indemnify and hold harmless the Buyers Indemnified Persons from, against and in respect of any and all Losses incurred or suffered by the Buyers Indemnified Persons or any of them

as a result of, arising out of or directly or indirectly relating to (A) Taxes (other than Taxes described in the following clauses (B) through (C)) with respect to the Acquired Assets that are attributable to any Pre-Effective Time Tax Period, (B) property Taxes and other Taxes specifically allocated to any Seller pursuant to Section 5.8, or (C) Transfer Taxes and Sales Taxes specifically allocated to any Seller in Section 5.9.

-53-

- (ii) Except with respect to any such Losses arising from an assessment by a Taxing Authority (which shall be governed by Section 7.5), payment by the Sellers of any amount due under this Section 7.4 shall be made within ten (10) Business Days following written notice by the Buyers, that payment of such amounts to the appropriate Taxing Authority is due by the Buyers (which notice shall be accompanied by a copy of the Tax Return to be filed with such payment); provided, that the Sellers shall not be required to make any payment earlier than five (5) Business Days before it is due to the appropriate Taxing Authority.

(b) Indemnity of the Buyers and the Guarantor

- (i) From and after the Closing Date until thirty (30) calendar days following the expiration of the applicable statute of limitations (taking into account any tolling periods and other extensions), Buyers and the Guarantor each, jointly and severally, will indemnify and hold harmless the Sellers Indemnified Persons from, against and in respect of any and all Losses incurred or suffered by the Sellers Indemnified Persons or any of them as a result of, arising out of or directly or indirectly relating to Taxes which (A) are for Straddle Periods (including any failure to file any Straddle Period Tax Return) and are specifically allocated to the Buyers pursuant to Section 5.8(b), (B) constitute Sales Taxes specifically allocated to the Buyers in Section 5.9, or (C) directly result from the Buyers failure to timely file information returns with the appropriate Taxing Authorities, or provide information returns to the Seller Employees, in accordance with the Buyers' agreement pursuant to Section 5.10 to utilize Revenue Procedure 2004-53.
- (ii) Except with respect to any such Losses arising from an assessment by a Taxing Authority (which shall be governed by Section 7.5) payment by the Buyers or the Guarantor of any amount due to a Seller under this Section 7.4 shall be made within ten (10) Business Days following written notice by the Seller, that payment of such amounts to the appropriate Taxing Authority is due or that the Seller paid an amount on account thereof to a Taxing Authority (which notice shall be accompanied by a copy of the Tax Return to be filed with respect to such payment); provided, that the Buyers shall not be required to make any payment earlier than five (5) Business Days before it is due to the appropriate Taxing Authority.

7.5. Third Party Claims.

(a) If any third party notifies an Indemnified Party with respect to any matter (a "Third Party Claim") which may give rise to an indemnification claim against an Indemnifying Party under this Section 7, then the Indemnified Party will promptly give written notice to the Indemnifying Party; provided, however, that no delay on the part of the Indemnified Party in notifying the Indemnifying Party will relieve the Indemnifying Party from any obligation under this Section 7, except to the extent such delay actually and materially prejudices the Indemnifying Party.

-54-

(b) The Indemnifying Party will be entitled to assume control of the defense of any Third Party Claim that is the subject of a notice given by the

Indemnified Party pursuant to Section 7.5(a) and shall be entitled to defend the Indemnified Party against the Third Party Claim with counsel of its choice reasonably satisfactory to the Indemnified Party so long as (i) the Indemnifying Party gives written notice to the Indemnified Party within fifteen (15) days after the Indemnified Party has given notice of the Third Party Claim that the Indemnifying Party will indemnify the Indemnified Party from and against the entirety of any and all Losses the Indemnified Party may suffer resulting from or arising out of the Third Party Claim, (ii) the Third Party Claim involves only money damages and does not seek an injunction or other equitable relief against the Indemnified Party, (iii) the Indemnified Party has not been advised by counsel that an actual or potential conflict exists between the Indemnified Party and the Indemnifying Party in connection with the defense of the Third Party Claim, (iv) the Third Party Claim does not relate to or otherwise arise in connection with any criminal or regulatory enforcement action and (v) the Indemnifying Party can demonstrate to the reasonable satisfaction of the Indemnified Party its ability to pay for the entirety of all the potential Losses in relation to the Third Party Claim, subject to the limitations set forth in Section 7.3. The Indemnified Party may retain separate co-counsel at its sole cost and expense and participate in (but not control) the defense of the Third Party Claim.

(c) The Indemnifying Party will not consent to the entry of any judgment or enter into any compromise or settlement with respect to the Third Party Claim without the prior written consent of the Indemnified Party, which consent shall not be unreasonably withheld, unless such judgment, compromise or settlement (i) provides for the payment by the Indemnifying Party of money as sole relief for the claimant, (ii) results in the full and general release of the Buyers Indemnified Persons or the Sellers Indemnified Persons, as applicable, from all liabilities arising or relating to, or in connection with, the Third Party Claim and (iii) involves no finding or admission of any violation of Legal Requirements or the rights of any Person and no negative effect on any other claims that may be made against the Indemnified Party.

(d) If the Indemnifying Party does not deliver the notice contemplated by first clause (i) of Section 7.5(b) within fifteen (15) days after the Indemnified Party has given notice of the Third Party Claim, (A) the Indemnified Party may defend, and may consent to the entry of any judgment or enter into any compromise or settlement with respect to, the Third Party Claim in any manner it may deem appropriate and (B) the Indemnifying Party shall be entitled to participate in (but not control) the defense of such action, at its own expense, provided that, the Indemnified Party shall not settle or compromise such Third Party Claim without the prior written consent of the Indemnifying Party, which consent shall not be unreasonably withheld, unless the Indemnified Party shall have notified the Indemnifying Party of the suit pursuant to clause (i) of Section 7.5(b) and the Indemnifying Party shall have failed to take control of such suit in accordance with this Section 7.5(d). In the event that the Indemnified Party conducts the defense of the Third Party Claim pursuant to this Section 7.5(d), the Indemnifying Party will (i) advance the Indemnified Party promptly and periodically upon request for the reasonable costs of defending against the Third Party Claim (including reasonable attorneys' fees and expenses) and (ii) remain responsible for any and all other Losses that the Indemnified Party may incur or suffer resulting from or arising out of the Third Party Claim to the fullest extent provided in this Section 7.

-55-

7.6. Remedies Cumulative; Sole Remedy. The rights of each Buyers Indemnified Person and Sellers Indemnified Person under this Section 7 are cumulative, and each Buyers Indemnified Person and Sellers Indemnified Person, as the case may be, will have the right in any particular circumstance, in its sole discretion, to enforce any provision of this Section 7 without regard to the availability of a remedy under any other provision of this Section 7. Notwithstanding the foregoing, except to the extent that a claim involves fraud or intentional misrepresentation or willful or criminal misconduct (as determined by a non-appealable decision of a court of competent jurisdiction), the sole and exclusive remedy for any breach of, or inaccuracy in, or alleged breach or inaccuracy in, any representation or warranty in any Transaction Document shall be indemnification in accordance with this Section 7.

7.7. Purchase Price Adjustment. Any indemnity payments made pursuant to this Section 7 shall be treated by the Parties as adjustments to the Purchase Price for all purposes, unless otherwise required by Legal Requirement.

7.8. Insurance Recoveries. The amount of any Losses payable by a Party hereunder shall be net of any amounts actually recovered in cash by an Indemnified Party under applicable insurance policies, net of all expenses incurred in prosecuting such insurance claim.

## 8. TERMINATION.

8.1. Termination Events. By notice given prior to or on the Closing Date, subject to Section 8.2, this Agreement may be terminated as follows:

(a) by the Buyers if a material breach of any provision of this Agreement has been committed by any of the Sellers, which breach would give rise, or could reasonably be expected to give rise, to a failure of a condition set forth in Section 6.2, and such breach has not been (i) cured by the Sellers within thirty (30) days of the date of notice of such breach (but only if such breach is susceptible to cure) or (ii) waived by the Buyers;

(b) by the Sellers if a material breach of any provision of this Agreement has been committed by the Buyers, which breach would give rise, or could reasonably be expected to give rise, to a failure of a condition set forth in Section 6.3, and such breach has not been (i) cured by the Buyers within thirty (30) days of the date of notice of such breach (but only if such breach is susceptible to cure) or (ii) waived by the Sellers;

(c) by Buyers if any condition in Section 6.2 has not been satisfied as of the Outside Date or if satisfaction of such a condition by the Outside Date is or becomes impossible (other than through the failure of the Buyers to comply with their obligations under this Agreement), and the Buyers have not waived such condition on or before such date;

(d) by the Sellers if any condition in Section 6.3 has not been satisfied as of the Outside Date or if satisfaction of such a condition by the Outside Date is or becomes impossible (other than through the failure of the Sellers to comply with their obligations under this Agreement), and the Sellers have not waived such condition on or before such date;

-56-

(e) by mutual written consent of the Buyers and the Sellers;

(f) by the Sellers or the Buyers if the Closing has not occurred on or before the Outside Date, or such later date as the Parties may agree upon, unless the terminating Party is in material breach of this Agreement; or

(g) by the Sellers or the Buyers, if any permanent injunction or Action by any Governmental Authority of competent jurisdiction enjoining, denying approval of or otherwise prohibiting consummation of the Contemplated Transactions shall become final and nonappealable.

8.2. Effect of Termination. Each Party's right of termination under Section 8.1 is in addition to any other rights it may have under this Agreement or otherwise, and the exercise of such right of termination will not be an election of remedies. If this Agreement is terminated pursuant to Section 8.1, all obligations of the Parties under this Agreement will terminate; provided, however, that the provisions of Sections 5.5 and 10.10 shall survive such termination. Nothing in this Section 8.2 shall be deemed to release any Party from any Liability for any breach by such Party of the terms and provisions of this Agreement or to impair the right of any Party to compel specific performance by any other Party of its obligations under this Agreement.

## 9. GUARANTY.

9.1. Guaranty. Guarantor (i) agrees that it will cause the Buyers to comply with their obligations under this Agreement and (ii) guarantees to the Sellers the due and punctual observance, payment, performance and discharge of any payments required to be made by the Buyers under this Agreement and to the extent the Buyers fail to make any such payment or perform under this Agreement, the Guarantor shall directly and promptly make such payment or perform such action to the Person to whom such payment or performance is due.

## 10. MISCELLANEOUS.

10.1. Entire Agreement. This Agreement, together with the other

Transaction Documents and any documents, instruments and certificates explicitly referred to herein, constitutes the entire agreement among the Parties hereto with respect to the subject matter hereof and supersedes any and all prior discussions, negotiations, proposals, undertakings, understandings and agreements, whether written or oral, with respect thereto.

10.2. Succession and Assignment; No Third-Party Beneficiary. Subject to the immediately following sentence, this Agreement will be binding upon and inure to the benefit of the Parties hereto and their respective successors and permitted assigns, each of which such successors and permitted assigns will be deemed to be a party hereto for all purposes hereof. No Party may assign, delegate or otherwise transfer either this Agreement or any of its rights, interests, or obligations hereunder without the prior written approval of the other Parties (except with respect to any successor to all or substantially all of a Party's business that becomes a party to this Agreement and subject to the terms and conditions of this Agreement to the same extent, and in the same capacity, as the Party which is so succeeded, in which case no prior written consent shall be necessary hereunder); provided, however, that the Buyers may assign any or all of their rights and interests hereunder to one or more of their Affiliates so long as the Buyers and the Guarantor are not relieved of any Liability hereunder. This Agreement is for the sole benefit of the Parties and their permitted successors and assignees and nothing herein expressed or implied will give or be construed to give any Person, other than the Parties and such successors and assignees, any legal or equitable rights hereunder.

-57-

10.3. Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute but one and the same instrument. This Agreement will become effective when duly executed by each Party hereto.

10.4. Headings. The headings contained in this Agreement are for convenience purposes only and will not in any way affect the meaning or interpretation hereof.

10.5. Notices. All notices, requests, demands, claims and other communications required or permitted to be delivered, given or otherwise provided under this Agreement must be in writing and must be delivered, given or otherwise provided:

- (a) by hand (in which case, it will be effective upon delivery);
- (b) by facsimile (in which case, it will be effective on the Business Day following receipt of confirmation of good transmission; provided that a copy of any such facsimile is concurrently sent to the recipient by first class mail); or
- (c) by overnight delivery by a nationally recognized courier service (in which case, it will be effective on the Business Day after being deposited with such courier service);

in each case, to the address (or facsimile number) listed below:

If to the Sellers: Volt Information Sciences, Inc.  
560 Lexington Avenue  
New York, NY 10022  
Fax: (212) 704-2424  
Attention: Howard B. Weinreich, General Counsel

With a copy to: Troutman Sanders LLP  
The Chrysler Building  
405 Lexington Avenue  
New York, NY 10174  
Fax: (212) 704-5974  
Attention: Michael J. Shef

-58-

If to the Buyers  
or the Guarantor: Yellow Pages Group Co.  
16 Place du Commerce  
Nun's Island

Verdun, Quebec H3E 2A5  
Fax: (514) 934-4076  
Attention: Francois Ramsay, Vice President and  
General Counsel

With a copy to: Ropes & Gray LLP  
One International Place  
Boston, MA 02110  
Fax: (617) 951-7050  
Attention: Jane Goldstein

Any Party may change the address to which notices, requests, demands, claims, and other communications hereunder are to be delivered by giving the other Parties notice in the manner herein set forth.

10.6. Mail. Each Seller authorizes the Buyers on and after the Closing Date to receive and open all mail received by the Buyers relating to the Acquired Assets and to deal with the contents of such communications in any proper manner. The Sellers shall promptly deliver to the Buyers any mail or other communications received by the Sellers after the Closing Date pertaining to the Acquired Assets or any Assumed Liabilities, and any cash, checks or other instruments of payment in respect of the Acquired Assets and relating to the period after the Effective Time. The Buyers shall promptly deliver to the Sellers any mail or other communication received by the Buyers after the Closing Date pertaining to the Excluded Assets or any Excluded Liabilities, and any cash, checks or other instruments of payment in respect of the Excluded Assets or Acquired Assets relating to the period prior to the Effective Time. As soon as is practicable after the Closing Date, upon the request of the Buyers, the Sellers will mail to the vendors to the Business a notice, prepared by the Buyers and reasonably acceptable to the Sellers, of the sale of the Acquired Assets hereunder.

10.7. Governing Law. This Agreement and all claims, disputes or other Actions arising hereunder or out of the Contemplated Transactions shall be governed by and construed in accordance with the law of the State of New York, without regard to the conflicts of law rules of such state.

10.8. Amendments and Waivers. No amendment or waiver of any provision of this Agreement will be valid and binding unless it is in writing and signed, in the case of an amendment, by the Buyers and the Sellers, or in the case of a waiver, by the Party against whom the waiver is to be effective, and if the amendment or waiver is applicable to any other Party set forth on the signatures pages hereto, such Party. No waiver by any Party of any breach or violation of, default under or inaccuracy in any representation, warranty or covenant hereunder, whether intentional or not, will be deemed to extend to any prior or subsequent breach, violation, default of, or inaccuracy in, any such representation, warranty or covenant hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. No delay or omission on the part of any Party in exercising any right, power or remedy under this Agreement will operate as a waiver thereof.

-59-

10.9. Severability. Any term or provision of this Agreement or of any Section hereof that is invalid or unenforceable in any situation in any jurisdiction will not affect the validity or enforceability of the remaining terms and provisions hereof or the validity or enforceability of the offending term or provision in any other situation or in any other jurisdiction. In the event that any provision hereof would, under applicable Legal Requirements, be invalid or unenforceable in any respect, each Party hereto intends that such provision will be construed by modifying or limiting it so as to be valid and enforceable to the maximum extent compatible with, and possible under, applicable Legal Requirements.

10.10. Expenses. Whether or not the Closing takes place, and except as otherwise specified in this Agreement or in the Transaction Documents, all costs and expenses incurred in connection with this Agreement and the Transaction Documents and the Contemplated Transactions shall be paid by the Party incurring such expense. All filing fees in connection with the filings under the HSR Act with respect to the Contemplated Transactions shall be paid by the Buyers.

10.11. Construction. The Parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or



question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the Parties and no presumption or burden of proof will arise favoring or disfavoring any Party by virtue of the authorship of any of the provisions of this Agreement. The Parties intend that each representation, warranty and covenant contained herein will have independent significance. If any Party has breached or violated, or if there is an inaccuracy in, any representation, warranty or covenant contained herein in any respect, the fact that there exists another representation, warranty or covenant relating to the same subject matter (regardless of the relative levels of specificity) which the Party has not breached or violated, or in respect of which there is not an inaccuracy, will not detract from or mitigate the fact that the Party has breached or violated, or there is an inaccuracy in, the first representation, warranty or covenant.

10.12. Schedules; Listed Documents, etc. Neither the listing nor description of any item, matter or document in any Schedule hereto nor the furnishing or availability for review of any document will be construed to modify, qualify or disclose an exception to any representation or warranty of any Party made herein or in connection herewith, except to the extent that it is reasonably apparent on its face that any such disclosure is relevant to such Schedule.

10.13. Jurisdiction. This Agreement was negotiated and entered into in New York City, New York and each Party to this Agreement, by its execution hereof, (a) hereby irrevocably submits to the exclusive jurisdiction of the federal or state courts within the city, county and state of New York for the purpose of any Action between the Parties arising in whole or in part under or in connection with this Agreement, (b) hereby waives to the extent not prohibited by applicable law, and agrees not to assert, by way of motion, as a defense or otherwise, in any such Action, any claim that it is not subject personally to the jurisdiction of the above-named courts, that its property is exempt or immune from attachment or execution, that any such Action brought in one of the above-named courts should be dismissed on grounds of forum non conveniens, should be transferred or removed to any court other than one of the above-named courts, or should be stayed by reason of the pendency of some other proceeding in any other court other than one of the above-named courts, or that this Agreement or the subject matter hereof may not be enforced in or by such court and (c) hereby agrees not to commence any such Action other than before one of the above-named courts. Notwithstanding the previous sentence, a Party may commence any Action in a court other than the above-named courts solely for the purpose of enforcing an order or judgment issued by one of the above-named courts.

-60-

10.14. Venue. Each Party agrees that for any Action between the Parties arising in whole or in part under or in connection with this Agreement, such Party will bring Actions only in the city, county and state of New York. Each Party further waives any claim and will not assert that venue should properly lie in any other location within the selected jurisdiction.

10.15. Service of Process. Each Party hereby (a) consents to service of process in any Action between the Parties arising in whole or in part under or in connection with this Agreement in any manner permitted by New York law, and (b) waives and agrees not to assert (by way of motion, as a defense, or otherwise) in any such Action any claim that service of process made in accordance with clause (a) does not constitute good and valid service of process.

10.16. Further Assurances. At the Closing and from time to time after the Closing, at the request of the Buyers and without further consideration, the Sellers shall promptly execute and deliver to the Buyers such certificates and other instruments of sale, conveyance, assignment and transfer, and take such other action, as may reasonably be requested by the Buyers more effectively to sell, convey, assign and transfer to and vest in the Buyers or to put the Buyers in possession of the Acquired Assets and to carry out the Contemplated Transactions, and at the request of the Sellers and without further consideration, the Buyers shall promptly execute and deliver to the Sellers such certificates and other instruments of assumption, and take such other action, as may reasonably be requested by the Sellers more effectively to confirm and carry out the assumption by the Buyers of the Assumed Liabilities and to carry out the Contemplated Transactions.

10.17. Waiver of Jury Trial. TO THE EXTENT NOT PROHIBITED BY APPLICABLE LAW THAT CANNOT BE WAIVED, THE PARTIES HEREBY WAIVE, AND COVENANT THAT THEY WILL NOT ASSERT (WHETHER AS PLAINTIFF, DEFENDANT OR OTHERWISE), ANY RIGHT TO TRIAL BY JURY IN ANY ACTION ARISING IN WHOLE OR IN PART UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS, WHETHER NOW EXISTING OR HEREAFTER ARISING, AND WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE. EACH OF THE PARTIES AGREES THAT EITHER OF THEM MAY FILE A COPY OF THIS PARAGRAPH WITH ANY COURT AS WRITTEN EVIDENCE OF THE KNOWING, VOLUNTARY AND BARGAINED-FOR AGREEMENT AMONG THE PARTIES IRREVOCABLY TO WAIVE ITS RIGHT TO TRIAL BY JURY IN ANY PROCEEDING WHATSOEVER BETWEEN THEM RELATING TO THIS AGREEMENT OR ANY OF THE CONTEMPLATED TRANSACTIONS AND AGREES THAT ANY PROCEEDING WILL INSTEAD BE TRIED IN A COURT OF COMPETENT JURISDICTION BY A JUDGE SITTING WITHOUT A JURY.

-61-

Asset Purchase Agreement

IN WITNESS WHEREOF, each of the undersigned has executed this Agreement as an agreement under seal as of the date first above written.

THE BUYERS: YPG DIRECTORIES, LLC

By: \_\_\_\_\_  
Name:  
Title:

YPG SYSTEMS, LLC

By: \_\_\_\_\_  
Name:  
Title:

THE GUARANTOR: YPG HOLDINGS INC.

By: \_\_\_\_\_  
Name:  
Title:

THE SELLERS: VOLT INFORMATION SCIENCES, INC.

By: \_\_\_\_\_  
Name:  
Title:

DATANATIONAL, INC.

By: \_\_\_\_\_  
Name:  
Title:

DATANATIONAL OF GEORGIA, INC.

By: \_\_\_\_\_  
Name:  
Title:

## 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 9, 2009 (exclusive of certain subsidiaries which, if considered in the aggregate, would not, as of November 2, 2008, 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 2008, are included as consolidated subsidiaries in the Registrant's consolidated financial statements as of November 2, 2008.

&lt;TABLE&gt;

&lt;CAPTION&gt;

<S>	<C>
Name (1)	Jurisdiction of Incorporation
-----	-----
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 Asia Enterprises, Ltd.	Delaware
Volt STL Holdings, Inc.	Delaware
DN Volt of Georgia, Inc.	Georgia
DN Volt, 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
P/S Partner Solutions, Ltd.	Delaware
VMC Consulting Corporation	Delaware
Volt Funding Corp.	Delaware
Volt Delta Resource Holding, Inc.	Nevada
Volt Delta Canada Holdings, LLC.	Nevada
Volt Delta Asia, Inc	Delaware

&lt;/TABLE&gt;

## VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES

## EXHIBIT 21

## SUBSIDIARIES OF THE REGISTRANT--Continued

&lt;TABLE&gt;

&lt;CAPTION&gt;

<S>	<C>
Name (1)	Jurisdiction of Incorporation
-----	-----
Volt Delta Company	Canada
Volt Delta Resources of Mexico, S. de R.L. de C.V.	Mexico
Volt Delta International B.V. (formerly Volt Delta B.V.)	Netherlands

Volt Delta International, Limited (formerly Volt Delta Europe, Limited)	United Kingdom
Volt Delta GmbH	Germany
Volt Resource Management Limited	United Kingdom
Tainol, S.A.	Uruguay
Volt Canada Inc. (formerly 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.L.	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 (Germany) GmbH	Germany
Volt Europe (Deutschland) GmbH	Germany
Volt Netherlands Holding 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 Europe Ceska Reublika s.r.o	Czech Republic
Volt Information Sciences (India) Private Limited (formerly Volt Information Technology & Staffing Solutions (India) Private Limited)	India
ProcureStaff India Private Limited	India
VMC Services India Private Limited	India
Volt Delta International GmbH (formerly Varetis Solutions GmbH)	Germany
Volt Delta International Communications Ltd. (formerly Varetis Communications Ltd.)	United Kingdom
Volt Delta International Pte, Ltd (formerly Varetis Asia Pte. Ltd.)	Singapore
VMC Consulting Germany GmbH	Germany

VOLT INFORMATION SCIENCES, INC. AND SUBSIDIARIES  
EXHIBIT 21  
SUBSIDIARIES OF THE REGISTRANT--Continued

<TABLE>  
<CAPTION>

<S>	<C>
Name (1)	Jurisdiction of Incorporation
-----	-----
Volt Asia Enterprises (Taiwan) Co. Ltd.	Taiwan
LSSi Data Corp.	Delaware
LSSi Europe Limited	United Kingdom
Arctern, Inc. (2)	Virginia
Arctern Consulting Private Limited (2)	India
Maintech Europe Limited	United Kingdom
Lakyfor, S.A.	Uruguay
Volt Reach, Inc.	Delaware

</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. 333-45903 on Form S-8 dated February 9, 1998, Registration Statement No. 333-106245 on Form S-8 dated June 18, 2003, Registration Statement No. 333-148355 on Form S-8 dated December 27, 2007 and Registration Statement No. 333-152661 on Form S-8 dated July 31, 2008 of Volt Information Sciences, Inc. and subsidiaries of our reports dated February 2, 2009 with respect to the consolidated financial statements and schedule of Volt Information Sciences, Inc. and subsidiaries and the effectiveness of internal control over financial reporting of Volt Information Sciences, Inc. and subsidiaries, included in this Annual Report (Form 10-K) for the year-ended November 2, 2008.

/s/ ERNST & YOUNG

New York, New York  
February 2, 2009

EXHIBIT 31.1

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 officer 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 principles;
  - 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 officer 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 30, 2009

/s/ Steven A. Shaw

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Steven A. Shaw  
Principal Executive Officer



EXHIBIT 31.2

CERTIFICATION BY PRINCIPAL FINANCIAL OFFICER  
PURSUANT TO  
SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Jack Egan, 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 officer 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 principles;
  - 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 officer 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 30, 2009

/s/ Jack Egan  
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Jack Egan  
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 November 2, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Steven A. Shaw, 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 30, 2009

/s/ Steven A. Shaw

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Steven A. Shaw  
Principal Executive Officer

A signed original of this written statement required by Section 906 has been provided to Volt Information Sciences, 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 November 2, 2008, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Jack Egan, 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 30, 2009

/s/ Jack Egan

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Jack Egan  
Principal Financial Officer

A signed original of this written statement required by Section 906 has been provided to Volt Information Sciences, Inc. and will be retained by Volt Information Sciences, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.