

IDT CORP
Form DEF 14C
January 30, 2009

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14C INFORMATION

**Information Statement Pursuant to Section 14(c) of the
Securities Exchange Act of 1934 (Amendment No.)**

Check the appropriate box:

- Preliminary Information Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))**
- Definitive Information Statement

IDT Corporation
(Name of Registrant as Specified in its Charter)

Payment of filing fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rule 14c-5(g), and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transactions applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11

(Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

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(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(3) Filing party:

(4) Date filed:

IDT Corporation
520 Broad Street
Newark, NJ 07102

January 30, 2009

Dear Stockholder:

This Information Statement is being distributed to notify the stockholders of record of IDT Corporation, a Delaware corporation (we, us, our or the Company) that (A) on December 17, 2008, our Board of Directors (the Board) approved, authorized and recommended to our stockholders to amend and restate our Restated Certificate of Incorporation, as amended, (the Second Restated Certificate of Incorporation) to effect a one-for-three reverse stock split (the Reverse Stock Split) of each of the outstanding shares of our (i) Common Stock, par value \$0.01 per share, (ii) Class A Common Stock, par value \$0.01 per share, and (iii) Class B Common Stock, par value \$0.01 per share (we refer to the Common Stock, Class A Common Stock and Class B Common Stock collectively as the Capital Stock), and (B) on January 20, 2009, Mr. Howard S. Jonas, our Chairman of the Board and his affiliates, the record holders of a majority of the aggregate voting power of the Capital Stock, delivered to us a written consent in lieu of a special meeting of stockholders representing approximately 71% of the voting power of the Capital Stock, approving the adoption of the Second Restated Certificate of Incorporation (the Written Consent).

This Information Statement is being mailed on or about February 3, 2009, to the holders of record of our Capital Stock on the close of business January 20, 2009 (the Record Date). This Information Statement is being distributed to you, our stockholders, in accordance with the requirements of Section 228(e) of the Delaware General Corporation Law (DGCL) and Section 14(c) of the Securities Exchange Act of 1934, as amended (the Exchange Act) and serves as the notice of corporate action by written consent that is required by DGCL Section 228. You are urged to review this Information Statement for a more complete description of the Reverse Stock Split.

The Second Restated Certificate of Incorporation will not become effective until at least 20 calendar days following the date on which this Information Statement was first sent to our stockholders. We expect to consummate the Reverse Stock Split by filing the Second Restated Certificate of Incorporation with the Delaware Secretary of State on or about February 20, 2009, subject to prior abandonment of the Reverse Stock Split as may be decided upon in the discretion of the Board.

WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY. As the matters set forth in this Information Statement have been duly authorized and approved by the written consent of the holders of at least a majority of the Company 's issued and outstanding Capital Stock, your vote or consent is not requested or required to approve these matters. This Information Statement is provided solely for your information.

BY ORDER OF THE BOARD OF DIRECTORS

Joyce J. Mason
Executive Vice President, General Counsel and
Corporate Secretary

IDT Corporation

520 Broad Street

Newark, NJ 07102

INFORMATION STATEMENT PURSUANT TO SECTION 14C OF THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED

THIS IS NOT A NOTICE OF A SPECIAL MEETING OF STOCKHOLDERS AND NO STOCKHOLDER MEETING WILL BE HELD TO CONSIDER ANY MATTER DESCRIBED HEREIN. THE ACTIONS DESCRIBED IN THIS INFORMATION STATEMENT HAVE BEEN APPROVED BY THE HOLDERS OF A MAJORITY OF OUR CAPITAL STOCK. WE ARE NOT ASKING YOU FOR A PROXY AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

About this Information Statement

This Information Statement is being furnished by IDT Corporation, in connection with action taken by Mr. Howard S. Jonas, our Chairman of the Board and, along with his affiliates, record holders of a majority of the aggregate voting power of all the outstanding and issued shares of Capital Stock, approving, by written consent dated January 20, 2009, the adoption of the Second Restated Certificate of Incorporation, which, among other things, will effect the Reverse Stock Split (the "Written Consent"), in accordance with Section 228 of the DGCL. The Second Restated Certificate of Incorporation was approved by the Company's Board and recommended to our stockholders on December 17, 2008.

As the matters set forth in this Information Statement have been duly authorized and approved by the written consent of the holders of at least a majority of the voting power of our issued and outstanding voting securities, we are not seeking any consent, authorization or proxy from you. This Information Statement is being furnished, pursuant to the requirements of Rule 14c-2 of the Exchange Act, to our stockholders who would otherwise have been entitled to vote or give an authorization or consent in regard to the Second Restated Certificate of Incorporation and Reverse Stock Split. The Board has fixed the close of business on January 20, 2009 as the record date for the determination of stockholders entitled to notice of the action by written consent. This Information Statement is first being mailed on or about February 3, 2009 to our stockholders of record as of the Record Date. Pursuant to Rule 14c-2 under the Exchange Act, the corporate action authorized by our majority stockholder can be taken no sooner than 20 calendar days after this Information Statement is mailed to the Company's stockholders. Accordingly, following the expiration of such 20-day period, we anticipate filing the Second Restated Certificate of Incorporation, implementing the Reverse Stock Split in the manner so authorized with the Delaware Secretary of State on or about February 20, 2009, subject to the prior abandonment of the Reverse Stock Split as may be determined in the Board's discretion.

The entire cost of furnishing this Information Statement will be borne by us. We will request brokerage houses, nominees, custodians, fiduciaries and other like parties to forward this Information Statement to the beneficial owners of our Capital Stock held of record by them.

Our principal executive offices are located at 520 Broad Street, Newark, NJ 07102, and our telephone number is (973) 438-1000.

REVERSE STOCK SPLIT

General

The Board and stockholders of the Company holding a majority of the total voting rights for all outstanding and issued shares of Capital Stock have authorized the Board to file the Second Restated Certificate of Incorporation to (i) incorporate all amendments to our Restated Certificates of Incorporation that were filed on July 3, 2000, April 18, 2006 and December 14, 2006 and (ii) effect the Reverse Stock Split.

Voting and Vote Required

As the matters set forth in this Information Statement have been duly authorized and approved by the written consent of the holders of at least a majority of the voting power of our issued and outstanding voting securities, we are not seeking any consent, authorization or proxy from you. Section 228 of the DGCL provides that the written consent of the holders of outstanding shares of voting capital stock, having not less than the minimum number of votes which would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, may be substituted for a meeting. Approval by at least a majority of the outstanding voting power of our shares of Capital Stock present and voting on the matter at a meeting would be required to approve the Reverse Stock Split, which approval has been duly secured by the Written Consent executed and delivered to us by Mr. Jonas and his affiliates.

On January 20, 2009, there were issued and outstanding: (i) 14,098,164 shares of our Common Stock, entitled to one vote per share, (ii) 9,816,988 shares of our Class A Common Stock (which is neither publicly traded nor listed on any exchange, but is convertible into Common Stock on a one-for-one basis), entitled to three votes per share, share, and (iii) 51,774,052 shares of our Class B Common Stock, entitled to one-tenth of a vote per share. On January 20, 2009, Mr. Jonas, Jonas Family Limited Partnership, Howard S. Jonas 2007 Annuity Trust, Jonas Foundation, and Howard S. and Deborah Jonas Foundation, Inc. were the record holders of the Capital Stock set forth in footnote 1 of the SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT section below, representing approximately 71% of the combined voting power of the Company's Capital Stock. **Accordingly, the Written Consent executed by Mr. Jonas and his affiliates pursuant to DGCL Section 228 and delivered to us is sufficient to approve the Reverse Stock Split and the adoption of the Second Restated Certificate of Incorporation and requires no further stockholder vote or other action.**

The Board authorized the adoption of the Second Restated Certificate of Incorporation and the Reverse Stock Split of our Common Stock, Class A Common Stock and Class B Common Stock on December 17, 2008.

Effective Date

The effective date of the Reverse Stock Split (the Effective Date), if implemented by the Board, will be the date and time on which the Second Restated Certificate of Incorporation is accepted and recorded by the Delaware Secretary of State in accordance with Section 103 of the DGCL, which is anticipated to be on or about February 20, 2009, but in no case will the Effective Date be earlier than twenty calendar days after the date this Information Statement is first mailed to our stockholders.

Pursuant to the Written Consent, if, at any time prior to the filing of the Second Restated Certificate of Incorporation, the Board, in its discretion, determines that the Reverse Stock Split is no longer in our best interests and the best interests of our stockholders, the Reverse Stock Split may be abandoned, without any further action by our stockholders.

REASONS FOR THE REVERSE STOCK SPLIT

The Board authorized the Reverse Stock Split of our Capital Stock with the primary intent of increasing the per share trading price of our Common Stock and Class B Common Stock, which are publicly traded and listed on the New York Stock Exchange (NYSE) under the symbols IDTC and IDT, respectively. The Reverse Stock Split would be intended to satisfy compliance with the NYSE's price criteria for continued listing. Accordingly, for these and other reasons discussed below, the Company believes that effecting the Reverse Stock Split would be in the Company's and our stockholders' best interests.

On September 30, 2008 and October 8, 2008, the Company received notices from the NYSE that it was no longer in compliance with the market capitalization threshold and the \$1.00 minimum price requirement, respectively, required for continued listing. The Company submitted to the NYSE a plan intended to achieve compliance within the market capitalization threshold during the 18-month time period specified by the NYSE rules. In a letter dated December 19, 2008, the NYSE informed IDT that it had accepted IDT's business plan submission to regain compliance by March 2010. The continued listing is subject to quarterly reviews of IDT's progress toward satisfying the interim goals and milestones outlined in IDT's NYSE submission. Failure of IDT to meet these interim objectives would result in IDT being subject to NYSE trading suspension.

Subject to the outcome of the quarterly reviews by the NYSE, the Company has until April 8, 2009 for both its Common Stock and Class B Common Stock to meet the NYSE's requirement that each class have a \$1.00 closing price on April 8, 2009 and that each class achieve a \$1.00 average closing price over the preceding thirty trading days in order to avoid suspension and delisting. On January 29, 2009, the closing price per share of our Common Stock and Class B Common Stock on the NYSE was \$0.34 and \$0.31, respectively. A higher price per share may allow the Company to continue to have its Common Stock and Class B Common Stock be listed on the NYSE.

We also believe that the Reverse Stock Split could make our Common Stock and Class B Common Stock more attractive to a broader range of institutional and other investors, as we have been advised that the current market price of our Common Stock and Class B Common Stock may affect its acceptability to certain institutional investors, professional investors and other members of the investing public. However, some investors may view the Reverse Stock Split negatively since it reduces the number of shares of Common Stock and Class B Common Stock available in the public market.

As mentioned above, reducing the number of outstanding shares of our Capital Stock through the Reverse Stock Split is intended, absent other factors, to increase the per share market price of our Common Stock and Class B Common Stock. However, other factors, such as our financial results, market conditions and the market perception of our business may adversely affect the market price of our Common Stock and Class B Common Stock. As a result, there can be no assurances that the Reverse Stock Split, if completed, will result in the intended benefits described above, that the market price of our Common Stock and Class B Common Stock will increase following the Reverse Stock Split or that the market price of our Common Stock and Class B Common Stock will not decrease in the future.

EFFECTS OF REVERSE STOCK SPLIT

General

The principal result of the Reverse Stock Split will be to decrease proportionately the number of outstanding shares of our Capital Stock based on the one-for-three split ratio. Our Common Stock and Class B Common Stock are currently registered under Sections 12(b) and 12(g) of the Exchange Act, and we are subject to the periodic reporting and other requirements of the Exchange Act. The Reverse Stock Split will not affect the registration of our Common Stock and Class B Common Stock under the Exchange Act or the listing of our Common Stock or Class B Common Stock on the NYSE (other than in the manner described in Reasons for the

Reverse Stock Split (above). Following the Reverse Stock Split, our Common Stock and Class B Common Stock will continue to be listed on the NYSE under the symbols IDTC and IDT, respectively, although each will be considered a new listing with a new CUSIP number.

Proportionate voting rights and other rights of the holders of our Capital Stock will not be affected by the Reverse Stock Split, other than as a result of the elimination of fractional shares as described below. For example, a holder of 2.0% of the voting power of the outstanding shares of any class of our Capital Stock immediately prior to the Effective Date will generally continue to hold 2.0% of the voting power of the outstanding shares of such class of our Capital Stock immediately after the Reverse Stock Split. The number of stockholders of record will not be affected by the Reverse Stock Split, except to the extent stockholders are cashed out due to fractional ownership. If implemented, the Reverse Stock Split may result in some stockholders owning odd lots of less than 100 shares of a class of our Capital Stock. Odd lot shares may be more difficult to sell, and brokerage commissions and other costs of transactions in odd lots are generally somewhat higher than the costs of transactions in round lots of even multiples of 100 shares.

Effect on Authorized Shares

As of January 20, 2009, our authorized capital stock consisted of (i) 100,000,000 shares of Common Stock, (ii) 35,000,000 shares of Class A Common Stock, (iii) 200,000,000 shares of Class B Common Stock, and (iv) 10,000,000 shares of Preferred Stock (no shares of Preferred Stock are issued and outstanding). The Reverse Stock Split will not affect the number of our authorized shares of our capital stock. Accordingly, the number of authorized but unissued shares of Capital Stock will increase following the Reverse Stock Split.

Effect on Outstanding Shares

As of January 20, 2009, there were 14,098,164 shares of our Common Stock, 9,816,988 shares of our Class A Common Stock and 51,774,052 shares of our Class B Common Stock issued and outstanding (excluding treasury shares). Based on the number of shares of each of our Common Stock, Class A Common Stock and Class B Common Stock currently issued and outstanding, immediately following the completion of the one-for-three Reverse Stock Split, there would be approximately 4,699,388 shares of our Common Stock, 3,272,329 shares of our Class A Common Stock, and 17,258,017 shares of our Class B Common Stock issued and outstanding. Shares of Capital Stock held in treasury will also be adjusted based on the one-for-three split ratio. Our Board does not intend for the Reverse Stock Split to be the first step in a going private transaction within the meaning of the Rule 13e-3 of the Exchange Act.

Fractional Shares

We do not intend to issue fractional shares in connection with the Reverse Stock Split. Therefore, we do not expect to issue certificates representing fractional shares. Stockholders who otherwise would hold fractional shares because the number of shares of Capital Stock (excluding restricted shares of Common Stock and Class B common stock) they held before the Reverse Stock Split would not be evenly divisible based upon the one-for-three split ratio will be entitled to cash payments (without interest or deduction) in respect of such fractional shares. Such cash payment shall be determined by multiplying (i) the fractional share interest to which the holder would otherwise be entitled, after taking into account all shares of such class then held on the Effective Date by the holder, and (ii) the average of the high and low trading prices of the Company's Common Stock (for Common Stock and Class A Common Stock) or Class B Common Stock (for Class B Common Stock) on NYSE during regular trading hours for the 5 trading days immediately preceding the Effective Date, as adjusted for the split ratio.

Stockholders should be aware that, under the escheat laws of various jurisdictions, sums due for fractional interests that are not timely claimed after the Effective Date may be required to be paid to the designated agent for each such jurisdiction, unless correspondence has been received by us or our transfer agent concerning ownership of such funds within the time permitted in such jurisdiction. Thereafter, if applicable, stockholders

otherwise entitled to receive such funds, but who do not receive them due to, for example, their failure to timely comply with our transfer agent's instructions (described below), will have to seek to obtain such funds directly from the state to which they were paid.

Effect on Our Stock Plans

As of January 20, 2009, there were outstanding options to purchase 6,340,097 shares of Class B common stock and 5,205,034 shares of restricted Class B common stock and 2,650,000 shares of restricted Common Stock as to which the forfeiture restrictions had not lapsed, issued pursuant to our 1996 Stock Option and Incentive Plan, as amended, and our 2005 Stock Option and Incentive Plan, as amended (the 2005 Plan and together with the 1996 Stock Option and Incentive Plan, as amended, the Stock Plans) and outside of our Stock Plans. Under our Stock Plans, in the event of a Reverse Stock Split, the Compensation Committee of our Board (the Compensation Committee) shall adjust proportionately (i) the number of shares that may thereafter be issued in connection with awards, (ii) the number to be issued in respect of outstanding awards and (iii) the exercise price, grant price or purchase price relating to any award; provided, however, that all fractional shares resulting from such adjustment shall be eliminated with no compensation. Such adjustments shall also be made to options and restricted stock granted outside of the Stock Plans.

On December 31, 2008, the Compensation Committee approved such a proportional adjustment, as of the Effective Date. In connection with the Reverse Stock Split, the Compensation Committee will implement only applicable technical, conforming changes to the Stock Plans, including ratably reducing the authorized shares of Common Stock and Class B Common Stock available for awards under the Stock Plans. For example, based upon the Reverse Stock Split, the one-for-three split ratio, the 3,512,386 authorized and unissued shares of Class B Common Stock under our 2005 Plan would be adjusted to 1,170,795 shares and the 350,000 authorized and unissued shares of Common Stock under our 2005 Plan would be adjusted to 116,666 shares. In addition, the exercise price for each stock option would be increased by 3 times, such that upon an exercise, the aggregate exercise price payable by the optionee to the Company would remain the same. For illustrative purposes only, an outstanding stock option for 3,000 shares of Class B Common Stock, exercisable at \$2.00 per share, would be adjusted as a result of the one-for-three Reverse Split into an option exercisable for 1,000 shares of Class B Common Stock at an exercise price of \$6.00 per share.

Reduction in Stated Capital

Pursuant to the Reverse Stock Split, the par value of each class of our Capital Stock will remain \$0.01 per share. As a result of the Reverse Stock Split, on the Effective Date, the stated capital on our balance sheet attributable to each class of our Capital Stock, respectively, will be reduced in proportion to the size of the Reverse Stock Split, and the additional paid-in capital account shall be credited with the amount by which the stated capital is reduced. Our stockholders' equity, in the aggregate, will remain unchanged.

Effect on Certificated Shares Exchange of Stock Certificates

Following the Reverse Stock Split, stockholders holding certificated shares will be required to exchange their stock certificates for new stock certificates (New Stock Certificates) representing the appropriate number of shares of the applicable class of our Capital Stock resulting from the Reverse Stock Split. Stockholders of record on the Effective Date will be furnished the necessary materials and instructions for the surrender and exchange of share certificates at the appropriate time by American Stock Transfer & Trust Company, our transfer agent. Stockholders will not have to pay any transfer fee or other fee in connection with such exchange. As soon as practicable after the Effective Date, the transfer agent will send a letter of transmittal to each stockholder advising such holder of the procedure for surrendering certificates representing the number of shares of the applicable class of our Capital Stock prior to the Reverse Stock Split (Old Stock Certificates) in exchange for New Stock Certificates.

YOU SHOULD NOT SEND YOUR OLD STOCK CERTIFICATES NOW. YOU SHOULD SEND THEM ONLY AFTER YOU RECEIVE THE LETTER OF TRANSMITTAL FROM OUR TRANSFER AGENT.

As soon as practicable after the surrender to the transfer agent of any Old Stock Certificate, together with a duly executed letter of transmittal and any other documents the transfer agent may specify, the transfer agent will deliver to the person in whose name such Old Stock Certificate had been issued a New Stock Certificate and payment for any fractional shares.

Until surrendered as contemplated herein, each Old Stock Certificate shall be deemed at and after the Effective Date to represent the number of full shares of the applicable class of our Capital Stock resulting from the Reverse Stock Split. Until they have surrendered their Old Stock Certificates for exchange, stockholders will not be entitled to receive any dividends or other distributions, if any, that may be declared and payable to holders of record.

Any stockholder whose Old Stock Certificate has been lost, destroyed or stolen will be entitled to a New Stock Certificate only after complying with the requirements that we and the transfer agent customarily apply in connection with lost, stolen or destroyed certificates.

Effect on Beneficial Holders

Upon the Reverse Split, the Company intends to treat stockholders holding the Common Stock and Class B Common Stock in street name, through a bank, broker or other nominee, in the same manner as certificated stockholders whose shares are registered in their names. Banks, brokers or other nominees will be instructed to effect the Reverse Split for their beneficial holders holding the Common Stock and Class B Common Stock in street name. However, such banks, brokers or other nominees may have different procedures than registered stockholders for processing the Reverse Split. Stockholders who hold their shares with such a bank, broker or other nominee and who have any questions in this regard are encouraged to contact their nominees.

Certain Federal Income Tax Consequences of the Reverse Stock Split

The following discussion is a summary of certain federal income tax consequences of the Reverse Stock Split to us and to holders of our Capital Stock that hold such stock as a capital asset for federal income tax purposes. This discussion is based on laws, regulations, rulings and decisions in effect on the date hereof, all of which are subject to change (possibly with retroactive effect) and to differing interpretations. This discussion applies only to holders that are U.S. persons and does not address all aspects of federal income taxation that may be relevant to holders in light of their particular circumstances or to holders who may be subject to special tax treatment under the Internal Revenue Code of 1986, as amended, including, without limitation, holders who are dealers in securities or foreign currency, foreign persons, insurance companies, tax-exempt organizations, banks, financial institutions, broker-dealers, holders who hold our common stock as part of a hedge, straddle, conversion or other risk reduction transaction, or who acquired shares of our Capital Stock pursuant to the exercise of compensatory stock options, the vesting of previously restricted shares of stock or otherwise as compensation.

We have not sought, and will not seek, an opinion of counsel or a ruling from the Internal Revenue Service regarding the federal income tax consequences of the Reverse Stock Split. The following summary does not address the tax consequences of the Reverse Stock Split under foreign, state, or local tax laws. ACCORDINGLY, EACH HOLDER OF CAPITAL STOCK SHOULD CONSULT HIS, HER OR ITS TAX ADVISOR WITH RESPECT TO THE PARTICULAR TAX CONSEQUENCES OF THE REVERSE STOCK SPLIT TO SUCH HOLDER.

The federal income tax consequences for a holder of shares of our Capital Stock pursuant to the Reverse Stock Split will be as follows:

1. the holder should not recognize any gain or loss for federal income tax purposes (except for cash, if any, received in lieu of a fractional share of Capital Stock);
2. the holder's aggregate tax basis of the Capital Stock received pursuant to the Reverse Stock Split, including any fractional share of the Capital Stock not actually received, should be equal to the aggregate tax basis of such holder's Capital Stock surrendered in exchange therefor;
3. the holder's holding period for the Capital Stock received pursuant to the Reverse Stock Split should include such holder's holding period for the Capital Stock surrendered in exchange therefor;
4. cash payments received by the holder for a fractional share of Capital Stock generally should be treated as if such fractional share had been issued pursuant to the Reverse Stock Split and then redeemed by us, and such holder generally should recognize capital gain or loss with respect to such payment, measured by the difference between the amount of cash received and such holder's tax basis in such fractional share; and
5. the Company should not recognize gain or loss as a result of the Reverse Stock Split.

Dissenters' Rights of Appraisal

Neither the Company's Restated Certificate of Incorporation, as amended, nor the DGCL provide dissenters' rights of appraisal to our stockholders in connection with the matters approved by the Written Consent.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of (i) the Company's Common Stock (and Class A Common Stock, assuming conversion of all shares of Class A Common Stock into Common Stock), (ii) the Company's Class B Common Stock, and (iii) Common Stock of IDT Telecom, Inc. (and Class A Common Stock of IDT Telecom, assuming conversion of all shares of Class A Common Stock into Common Stock of IDT Telecom), a privately held subsidiary of the Company, by (A) each person known by the Company to be the beneficial owner of more than 5% of the outstanding shares of the Common Stock (and Class A Common Stock, on an as-converted basis) or the Class B Common Stock of the Company, (B) each of the Company's directors, the Chief Executive Officer, the Chief Financial Officer and our fiscal 2008 named executive offices (as defined in Section 402 of Regulation S-K of the Securities Act of 1933, as amended) and (C) all directors, executive officers and named executive officers of the Company as a group. Unless otherwise noted in the footnotes to the table, to the best of the Company's knowledge, the persons named in the table have sole voting and investing power with respect to all shares indicated as being beneficially owned by them.

Unless otherwise noted, the security ownership information is given as of January 20, 2009 and, in the case of percentage ownership information, is based on the following amount of outstanding shares: (i) 23,915,152 shares of Common Stock (assuming conversion of all 9,816,988 currently outstanding shares of Class A Common Stock into Common Stock); (ii) 51,774,052 shares of Class B Common Stock; and (iii) 157,500 shares of Common Stock of IDT Telecom (assuming the conversion of all 150,000 shares of Class A Common Stock of IDT Telecom into Common Stock of IDT Telecom).

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Name	Number of Shares of Common Stock	Percentage of Ownership of Common Stock	Number of Shares of Class B Common Stock	Percentage of Ownership of Class B Common Stock	Percentage of Aggregate Voting Power ^δ	Number of Shares of Common Stock of IDT Telecom	Percentage of Ownership of Common Stock of IDT Telecom
Howard S. Jonas Chairman of the Board 520 Broad Street Newark, NJ 07102	14,292,130 ⁽¹⁾	59.8%	5,481,944 ⁽¹⁾	10.6%	70.8%	157,500 ⁽²²⁾	100%
Barclays Global Investors, N.A. 400 Howard Street San Francisco, CA 94105			3,608,979 ⁽²⁾	7.0%	*		
Dimensional Fund Advisors, Inc. 1299 Ocean Avenue Santa Monica, CA 90401	1,376,340 ⁽²⁾	9.8%	4,409,149 ⁽²⁾	8.5%	3.7%		
Fairholme Capital Management, L.L.C. 51 JFK Parkway Short Hills, NJ 07078	927,900 ⁽³⁾	6.6%	3,119,800 ⁽²⁾	6.0%	2.5%		
Kahn Brothers & Co., Inc. 555 Madison Avenue, 22nd Floor New York, NY 10022	2,593,497 ⁽²⁾	18.4%			5.3%		
Mihaljevic Capital Management, L.L.C. 141 East 56 th Street, Suite 9K New York, NY 10022	1,201,979 ⁽⁴⁾	8.5%			2.5%		
Renaissance Technologies Corp. 800 Third Avenue, 33rd Floor New York, NY 10022			3,171,178 ⁽²⁾	6.1%	*		
James A. Courter Chief Executive Officer and Vice Chairman of the Board of Directors			4,238,284 ⁽⁵⁾	7.8%	*	158,202 ⁽²³⁾	100%
Bill Pereira Chief Financial Officer and Treasurer			24,917 ⁽⁶⁾	*	*		
Stephen R. Brown Former Chief Financial Officer and Treasurer ⁽⁷⁾	1,000 ⁽⁶⁾	*	206,693 ⁽⁸⁾	*	*	87 ⁽²⁴⁾	*
Marc J. Oppenheimer Former Executive Vice President & Chief Operating Officer, Chief Financial Officer and Treasurer ⁽⁹⁾			13,125 ⁽¹⁰⁾	*	*		
Liore Alroy Executive Vice President and Chairman of Executive Committee			11,928 ⁽¹¹⁾	*	*		
Marc E. Knoller Executive Vice President			260,409 ⁽¹²⁾	*	*	234 ⁽²⁴⁾	*
Morris Lichtenstein Former Executive Vice President of Telecom and Former Chief Operating Officer ⁽¹³⁾			327,386 ⁽¹⁴⁾	*	*		
Mikhail Leibov Former Executive Vice President of Business Development ⁽¹⁵⁾			3,357 ⁽¹⁶⁾	*	*		
Eric F. Cosentino			26,732 ⁽¹⁷⁾	*	*		
James R. Mellor			81,875 ⁽¹⁸⁾	*	*		
Judah Schorr			41,875 ⁽¹⁹⁾	*	*		
All directors, Named Executive Officers and other executive officers as a group (19 persons)	14,308,150 ⁽²⁰⁾	59.8%	11,582,430 ⁽²¹⁾	20.8%	71.3%	158,850 ⁽²⁵⁾	99.8%

* Less than 1%.

- δ Voting power represents combined voting power of Common Stock (one vote per share), Class A Common Stock (three votes per share) and Class B Common Stock (one-tenth of one vote per share). Excludes stock options.
- (1) Consists of an aggregate of 9,816,988 shares of Class A Common Stock, 4,475,142 shares of Common Stock and 5,481,944 shares of Class B Common Stock, consisting of (i) 8,697,418 shares of Class A Common Stock held by Mr. Jonas directly, (ii) 19,570 shares of Class A Common Stock held by the Jonas Family Limited Partnership, (iii) 1,100,000 shares of Class A Common Stock held by Howard S. Jonas 2007 Annuity Trust, (iv) 825,142 shares of Common Stock beneficially owned by the Jonas Foundation, (v) 1,000,000 shares of Common Stock beneficially owned by the Howard S. and Deborah Jonas Foundation, Inc., (vi) 2,650,000 restricted shares of Common Stock held by Mr. Jonas directly, (vii) 301,377 shares of Class B Common Stock held by Mr. Jonas directly, (viii) 900,000 shares of Class B Common Stock beneficially owned by the Howard S. and Deborah Jonas Foundation, Inc., (ix) 19,570 shares of Class B Common Stock beneficially owned by the Jonas Family Limited Partnership, (x) an aggregate of 28,020 shares of Class B Common Stock beneficially owned by custodial accounts for the benefit of the children of Mr. Jonas and directly by a child of Mr. Jonas, (xi) 700,000 shares of Class B Common Stock beneficially owned by the Howard S. Jonas 2007 Annuity Trust, (xii) 3,529,282 restricted shares of Class B Common Stock held by Mr. Jonas directly, and (xiii) 3,695 shares of Class B Common Stock held by Mr. Jonas in his 401(k) plan as of December 31, 2008. Mr. Jonas is the General Partner of the Jonas Family Limited Partnership and, with his wife Deborah Jonas, is the co-trustee of each of The Jonas Foundation, the Howard S. and Deborah Jonas Foundation, each of the Trusts of the Howard S. Jonas 1996 Annuity Trust Agreement and the Howard S. Jonas 2007 Annuity Trust and as the custodian of the custodial accounts. Does not include an aggregate of 3,134, 284 shares of Class B Common Stock beneficially owned by trusts for the benefit of the children of Mr. Jonas, as Mr. Jonas does not exercise or share investment control over these shares.
 - (2) According to Schedule 13F filed with the Securities and Exchange Commission calculating the number of shares as of September 30, 2008.
 - (3) According to Schedule 13G filed with the Securities and Exchange Commission calculating the number of shares as of October 31, 2008.
 - (4) According to Schedule 13G filed with the Securities and Exchange Commission calculating the number of shares as of September 18, 2008.
 - (5) Consists of (a) 260,000 shares of Class B Common Stock held by Mr. Courter directly, (b) 1,200,772 restricted shares of Class B Common Stock held by Mr. Courter directly, (c) 4,078 shares of Class B Common Stock held by Mr. Courter in his 401(k) Plan as of December 31, 2008 and (d) 2,773,434 shares of Class B Common Stock issuable upon the exercise of stock options exercisable within 60 days.
 - (6) Consists of (a) 1,367 restricted shares of Class B Common Stock held by Mr. Pereira directly, (b) 2,000 shares of Class B Common Stock purchased pursuant to the Company's Employee Stock Purchase Plan, (c) 1,106 shares of Class B Common Stock held by Mr. Pereira in his 401(k) Plan as of December 31, 2008 and (d) 20,444 shares of Class B Common Stock issuable upon the exercise of stock options exercisable within 60 days.
 - (7) Mr. Brown served as Chief Financial Officer and Treasurer of the Company from January 2008 to January 2009.
 - (8) Consists of (a) 1,000 shares of Common Stock and 1,000 shares of Class B Common Stock held by Mr. Brown directly, (b) 127,024 restricted shares of Class B Common Stock held by Mr. Brown directly, (c) 3,745 shares of Class B Common Stock held by Mr. Brown in his 401(k) Plan as of December 31, 2008 and (d) 74,924 shares of Class B Common Stock issuable upon the exercise of stock options exercisable within 60 days.
 - (9) Mr. Oppenheimer served as an Executive Vice President, the Chief Financial Officer and Treasurer of the Company from August 27, 2007 to January 3, 2008 and as the Chief Operating Officer of the Company from January 3, 2008 to April 30, 2008.
 - (10) Consists of restricted shares of Class B Common Stock held by Mr. Oppenheimer directly as of October 22, 2008.

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- (11) Consists of 11,928 restricted shares of Class B Common Stock held by Mr. Alroy directly.
 - (12) Consists of (a) 10,000 shares of Class B Common Stock held by Mr. Knoller directly, (b) 24,639 restricted shares of Class B Common Stock held by Mr. Knoller directly, (c) 6,184 shares of Class B Common Stock purchased pursuant to the Company's Employee Stock Purchase Plan, (d) 4,002 shares of Class B Common Stock held by Mr. Knoller in his 401(k) Plan as of December 31, 2008 and (e) 215,584 shares of Class B Common Stock issuable upon the exercise of stock options exercisable within 60 days.
 - (13) Mr. Lichtenstein served as the Chief Operating Officer of the Company from January 30, 2006 to October 24, 2007, and as the Company's Executive Vice President of Telecom from October 24, 2007 to April 1, 2008. Mr. Lichtenstein also served as the Chief Executive Officer of IDT Telecom, Inc., a wholly owned subsidiary of the Company.
 - (14) Consists of (a) 6,631 shares of Class B Common Stock purchased pursuant to the Company's Employee Stock Purchase Plan, (b) 316,170 restricted shares of Class B Common Stock held by Mr. Lichtenstein directly and (c) 4,585 shares of Class B Common Stock held by Mr. Lichtenstein in his 401(k) Plan. All information is as of October 22, 2008.
 - (15) Mr. Leibov served as the Executive Vice President of Business Development of the Company from June 19, 2007 to April 1, 2008.
 - (16) Consists of shares of Class B Common Stock held by Mr. Leibov in his 401(k) Plan as of October 22, 2008.
 - (17) Consists of restricted shares of Class B Common Stock held by Mr. Cosentino directly.
 - (18) Consists of (a) 41,875 restricted shares of Class B Common Stock held by Mr. Mellor directly and (b) 40,000 shares of Class B Common Stock issuable upon the exercise of stock options exercisable within 60 days.
 - (19) Consists of restricted shares of Class B Common Stock held by Mr. Schorr directly.
 - (20) Consists of the shares and options set forth above with respect to the Named Executive Officers and directors named in the table above and 15,020 shares of Common Stock held directly by executive officers not named in the table above.
 - (21) Consists of the shares and options set forth above with respect to the Named Executive Officers and directors named in the table above and the following additional amounts held by those persons serving as executive officers as of the date of the filing of this Proxy Statement that are not named in the table above: (a) 90,805 shares of Class B Common Stock held directly by certain executive officers, (b) 15,984 shares of Class B Common Stock held in certain executive officers' 401(k) plans as of December 31, 2008, (c) 74,846 restricted shares of Class B Common Stock held directly by certain executive officers, (d) 6,760 shares of Class B Common Stock purchased by certain executive officers pursuant to the Company's Employee Stock Purchase Plan and (e) 675,510 shares of Class B Common Stock of the Company issuable upon the exercise of stock options exercisable within 60 days.
 - (22) Consists of 157,500 shares of Common Stock of IDT Telecom, Inc. held by the Company, which may be deemed beneficially owned by Mr. Jonas by virtue of his voting control of the Company. Mr. Jonas disclaims beneficial ownership of these shares.
 - (23) Consists of 157,500 shares of Common Stock of IDT Telecom, Inc. held by the Company, which may be deemed beneficially owned by Mr. Courter by virtue of his position of Chief Executive Officer of the Company. Mr. Courter disclaims beneficial ownership of these shares. Also includes 702 shares of Common Stock of IDT Telecom, Inc. issuable upon the exercise of stock options exercisable within 60 days.
 - (24) Consists of shares of Common Stock of IDT Telecom, Inc. issuable upon the exercise of stock options exercisable within 60 days.
 - (25) Consists of the shares and options set forth above with respect to the executive officers and directors named in the table above and 327 shares of Common Stock of IDT Telecom issuable upon the exercise of stock options exercisable within 60 days by certain executive officers not named in the table above.

FORWARD-LOOKING STATEMENTS

This Information Statement, as well as other public documents and statements of the Company referred to herein, may contain forward-looking statements that involve risks and uncertainties, which are based on the beliefs, expectations, estimates, projections, forecasts, plans, anticipations, targets, outlooks, initiatives, visions, objectives, strategies, opportunities, drivers and intents of the Company's management. While the Company believes that its estimates and assumptions are reasonable, the Company cautions that it is very difficult to predict the impact of known factors, and, of course, it is impossible for the Company to anticipate all factors that could affect its results. The Company's actual results may differ materially from those discussed in such forward-looking statements. Such statements include, without limitation, the Company's expectations and estimates (whether qualitative or quantitative) as to:

our consummation of the Reverse Stock Split and its expected terms and conditions, as well as the timing, of such transaction;

the intended benefits of the Reverse Stock Split, including that it is in the best interests of the Company's stockholders, should increase the per share trading price of the Company's Common Stock and Class B Common Stock, should make such stock more attractive to a broader range of institutional and other investors and would be intended to satisfy our compliance with the NYSE's price criteria for continued listing; and

the market's near and long term reaction to the Reverse Stock Split.

Statements that are not historical facts, including statements about the Company's beliefs and expectations, are forward-looking statements.

Forward-looking statements can be identified by, among other things, the use of forward-looking language such as estimates, objectives, visions, projects, forecasts, focus, drive towards, plans, targets, strategies, opportunities, drivers, believes, intends, outlooks, in scheduled to, anticipates, seeks, may, will, or should or the negative of those terms, or other variations of those terms or comparable language by discussions of strategies, targets, models or intentions. Forward-looking statements speak only as of the date they are made, and except for the Company's ongoing obligations under the U.S. federal securities laws, the Company undertakes no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise.

Investors are advised, however, to consult any additional disclosures the Company made or may make in its Annual Report on Form 10-K for the fiscal year ended July 31, 2008, which the Company filed with the SEC on October 14, 2008, its Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, in each case filed with the SEC in 2008 and 2007 (which, among other places, can be found on the SEC's website at <http://www.sec.gov>, as well as on the Company's website at www.idt.net). The information available from time to time on such websites shall not be deemed incorporated by reference into this Information Statement. A number of important factors could cause actual results to differ materially from those contained in any forward-looking statement. In addition to factors that may be described in the Company's filings with the SEC, including this filing, the following factors, among others, could cause the Company's actual results to differ materially from those expressed in any forward-looking statements made by the Company:

difficulties, delays, unanticipated costs or our inability to consummate the Reverse Stock Split on the expected terms and conditions or timeline;

difficulties, delays or the inability to increase the per share trading price of our Common Stock or Class B Common Stock as a result of the Reverse Stock Split, including future decreases in the price of our Common Stock or Class B Common Stock due to, among other things, the announcement of the Reverse Stock Split or our inability to make such stock more attractive to a broader range of institutional or other investors, such as due to investors viewing the Reverse Stock Split negatively or due to future financial results, market conditions, the market perception of our business or other factors

adversely affecting the market price of our Common Stock or Class B Common Stock, notwithstanding the Reverse Stock Split or otherwise, or our stock price being insufficient to regain compliance with the NYSE's price criteria for continued listing; or

unanticipated negative reactions to the Reverse Stock Split or unanticipated circumstances or results that could negatively affect interest in our Common Stock or Class B Common Stock by the investment community.

Factors other than those listed above could also cause the Company's results to differ materially from expected results. This discussion is provided as permitted by the Private Securities Litigation Reform Act of 1995.

HOUSEHOLDING OF STOCKHOLDER MATERIALS

Some banks, brokers and other nominee record holders may be participating in the practice of householding stockholder materials, such as proxy statements, information statements and annual reports. This means that only one copy of this Information Statement may have been sent to multiple stockholders in your household. We will promptly deliver a separate copy of this Information Statement to you if you write or call us at the following address or telephone number: Bill Ulrey, IDT Corporation External Affairs, 520 Broad Street, Newark, New Jersey 07102, or by phone at (973) 438-3838. If you want to receive separate copies of stockholder materials in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder, or you may contact us at the above address and telephone number.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and special reports, proxy statements and other information with the SEC. The periodic reports and other information we have filed with the SEC, may be inspected and copied at the SEC's Public Reference Room at Room 1024, Judiciary Plaza, 450 Fifth Street, NW, Washington, DC 20549. You may obtain information as to the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a Web site that contains reports, proxy statements and other information about issuers, like the Company, who file electronically with the SEC. The address of that site is www.sec.gov. You can also inspect reports, proxy statements and other information about IDT at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

January 30, 2009

BY ORDER OF THE BOARD OF DIRECTORS

Joyce J. Mason

Executive Vice President, General Counsel and Corporate Secretary

SECOND RESTATED CERTIFICATE OF INCORPORATION

OF

IDT CORPORATION

IDT CORPORATION, a Delaware corporation (the Corporation), the original Certificate of Incorporation of which was filed with the Secretary of State of Delaware on December 22, 1995, HEREBY CERTIFIES:

FIRST: The Second Restated Certificate of Incorporation, amending and restating the Restated Certificate of Incorporation of the Corporation as set forth in Article FOURTH, was duly authorized by the Corporation's Board of Directors and adopted by written consent of the Corporation's stockholders in accordance with Sections 228, 242 and 245 of the General Corporation Law of the State of Delaware.

SECOND: Upon the filing and effectiveness (the Effective Time) pursuant to the General Corporation Law of the State of Delaware of the Second Restated Certificate of Incorporation, each three (3) shares of the Corporation's (i) Common Stock, par value \$0.01 per share (Common Stock), (ii) Class A Common Stock, par value \$0.01 per share (Class A Common Stock), (iii) Class B Common Stock, par value \$0.01 per share (Class B Common Stock), and (iv) Preferred Stock, par value \$0.01 per share (Preferred Stock), issued and outstanding immediately prior to the Effective Time shall automatically be combined into one (1) validly issued, fully paid and non-assessable share of Common Stock, Class A Common Stock, Class B Common Stock, and Preferred Stock, respectively, without any further action by the Corporation or the holder thereof, subject to the treatment of fractional share interests as described below (the Reverse Stock Split). Stockholders who otherwise would be entitled to receive fractional share interests of Common Stock, Class A Common Stock, Class B Common Stock, or Preferred Stock, as the case may be, shall, with respect to such fractional share interests, be entitled to receive cash, without interest, in lieu of fractional shares of Common Stock, Class A Common Stock, Class B Common Stock, or Preferred Stock, as the case may be, upon the surrender of the stockholders' Old Certificates (as defined below), in an amount equal to the proceeds attributable to the sale of such fractional shar