IDT CORP
Form DEF 14A
November 05, 2013

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant x Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

x Definitive Proxy Statement

¨ Definitive Additional Materials

¨ Soliciting Material under Rule 14a-12

IDT Corporation

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

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

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(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):

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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, New Jersey 07102

(973) 438-1000

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE:	10:30 a.m., local time, on Monday, December 16, 2013
PLACE:	Hampton Inn & Suites Newark Riverwalk Hotel, 100 Passaic Ave, Harrison, New Jersey 07029
ITEMS OF BUSINESS:	1. To elect five directors, each for a term of one year.
	2. To approve an amendment to the IDT Corporation 2005 Stock Option and Incentive Plan, as amended and restated, that will decrease the Non-Employee Director Annual Grant to 4,000 shares of restricted Class B common stock for Board and Committee service.
	3. To ratify the appointment of Grant Thornton LLP as the Company s independent registered public accounting firm for the Fiscal Year ending July 31, 2014.
	4. To transact other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.
RECORD DATE:	You can vote if you were a stockholder of record on October 21, 2013.
PROXY VOTING:	You can vote either in person at the Annual Meeting or by proxy without attending the meeting. See details under the heading How do I Vote?
ANNUAL MEETING ADMISSION:	If you are a stockholder of record, a form of personal photo identification must be presented in order to be admitted to the Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record, you must bring a brokerage statement or other written proof of ownership as of October 21, 2013 with you to the Annual Meeting, as well as a form of personal photo identification.
ANNUAL MEETING DIRECTIONS:	You may request directions to the annual meeting via email at invest@idt.net or by calling IDT Investor Relations at (973) 438-3838.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE IDT CORPORATION STOCKHOLDERS MEETING TO BE HELD ON DECEMBER 16, 2013: The Notice of Annual Meeting and Proxy Statement and the 2013 Annual Report are available at:

www.idt.net/ir

BY ORDER OF THE BOARD OF DIRECTORS

Joyce Mason
Executive Vice President, General Counsel and
Corporate Secretary

Newark, New Jersey

November 5, 2013

IDT CORPORATION

520 Broad Street

Newark, New Jersey 07102

(973) 438-1000

PROXY STATEMENT

GENERAL INFORMATION

Introduction

This Proxy Statement is furnished to the stockholders of record of IDT Corporation, a Delaware corporation (the Company or IDT) as of the close of business on October 21, 2013, in connection with the solicitation by the Company s Board of Directors (the Board of Directors) of proxies for use in voting at the Company s Annual Meeting of Stockholders (the Annual Meeting). The Annual Meeting will be held on Monday, December 16, 2013 at 10:30 a.m., local time, at the Hampton Inn & Suites Newark Riverwalk Hotel, 100 Passaic Ave, Harrison, New Jersey 07029. The shares of the Company s Class A common stock, par value $0.01 per share (Class A Common Stock) and Class B common stock, par value $0.01 per share (Class B Common Stock), present at the Annual Meeting or represented by the proxies received by telephone, Internet or mail (properly marked, dated and executed) and not revoked, will be voted at the Annual Meeting. This Proxy Statement is being mailed to the Company s stockholders starting on November 7, 2013.

Solicitation and Voting Procedures

This solicitation of proxies is being made by the Company. The solicitation is being conducted by mail and by e-mail, and the Company will bear all attendant costs. These costs will include the expense of preparing and mailing proxy materials for the Annual Meeting and any reimbursements paid to brokerage firms and others for their expenses incurred in forwarding the solicitation materials regarding the Annual Meeting to the beneficial owners of the Company s Class A Common Stock and Class B Common Stock. The Company may conduct further solicitations personally, by telephone or by facsimile through its officers, directors and employees, none of whom will receive additional compensation for assisting with the solicitation.

The close of business on October 21, 2013 has been fixed as the record date (the Record Date) for determining the holders of shares of Class A Common Stock and Class B Common Stock entitled to notice of, and to vote at, the Annual Meeting. As of the close of business on the Record Date, the Company had 22,986,115 shares outstanding and entitled to vote at the Annual Meeting, consisting of 1,574,326 shares of Class A Common Stock and 21,411,789 shares of Class B Common Stock. The remaining shares issued, consisting of 1,698,000 shares of Class A Common Stock and 2,878,483 shares of Class B Common Stock, are beneficially owned by the Company, and are not entitled to vote or to be counted as present at the Annual Meeting for purposes of determining whether a quorum is present. The shares of stock owned by the Company will not be deemed to be outstanding for determining whether a majority of the votes cast have voted in favor of any proposal.

Stockholders are entitled to three votes for each share of Class A Common Stock held by them and one-tenth of one vote for each share of Class B Common Stock held by them. The holders of Class A Common Stock and Class B Common Stock will vote as a single body on all matters presented to the stockholders. There are no dissenters rights of appraisal in connection with any proposal.

How do I Vote?

You can vote either in person at the Annual Meeting or by proxy without attending the meeting.

Beneficial holders of the Company s Class A Common Stock and Class B Common Stock as of the Record Date whose stock is held of record by another party should receive voting instructions from their bank, broker or other holder of record. If a stockholder s shares are held through a nominee and the stockholder wants to vote at the meeting, such stockholder must obtain a proxy from the nominee record holder authorizing such stockholder to vote at the Annual Meeting.

Stockholders of record should receive a paper copy of our proxy materials and may vote by following the instructions on the proxy card that is included with the proxy materials. As set forth on the proxy card, there are three convenient methods for holders of record to direct their vote by proxy without attending the Annual Meeting: by telephone, on the Internet or by mail. To vote by phone, call the toll-free telephone number on the proxy card (1-800-PROXIES), and to vote by Internet, visit www.voteproxy.com. To vote by mail, mark, date and sign the enclosed proxy card and return it in the postage-paid envelope provided. Holders of record may also vote by attending the Annual Meeting and voting by ballot.

All shares for which a proxy has been duly executed and delivered (by telephone, Internet or mail) and not revoked will be voted at the Annual Meeting. If a stockholder of record signs and returns a proxy card but does not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board of Directors. If any other matters are properly presented at the Annual Meeting for consideration and if you have voted your shares by Internet, telephone, or mail, the persons named as proxies will have the discretion to vote on those matters for you. On the date of filing this Proxy Statement with the SEC, the Board of Directors did not know of any other matter to be raised at the Annual Meeting.

How Can I Change My Vote?

A stockholder of record can revoke his, her or its proxy at any time before it is voted at the Annual Meeting by delivering to the Company (to the attention of Joyce J. Mason, Esq., Executive Vice President, General Counsel and Corporate Secretary) a written notice of revocation or by executing a later-dated proxy by telephone, Internet or mail, or by attending the Annual Meeting and voting in person.

If your shares are held in the name of a bank, broker, or other nominee, you must obtain a proxy executed in your favor from the holder of record (that is, your bank, broker, or nominee) to be able to vote at the Annual Meeting.

Quorum and Vote Required

The presence at the Annual Meeting of a majority of the voting power of the Company s outstanding Class A Common Stock and Class B Common Stock (voting together), either in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Abstention votes and any broker non-votes (i.e., votes withheld by brokers on non-routine proposals in the absence of instructions from beneficial owners) will be counted as present or represented at the Annual Meeting for purposes of determining whether a quorum exists.

The affirmative vote of a majority of the voting power present at the Annual Meeting and casting a vote on a Proposal will be required for the approval of the election of any director (Proposal No. 1), the amendment to the 2005 Stock Option and Incentive Plan, as amended and restated (Proposal No. 2), and the ratification of the appointment of the appointment of the Company s independent registered public accounting firm (Proposal No. 3). This means that the number of votes cast for a director nominee must exceed the number of votes cast against that nominee. Abstentions are not counted as votes for or against a nominee or any of these proposals.

If you are a beneficial owner whose shares are held of record by a broker, you must instruct the broker how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which the broker does not have discretionary authority to vote. This is called a broker non-vote. In these cases, the broker can register your shares as being present at the Annual Meeting for purposes of determining the presence of a quorum but will not be able to vote on those matters for which specific authorization is required under the rules of the New York Stock Exchange. In the event of a broker non-vote or an abstention with respect to any proposal coming before the Annual Meeting, the shares represented by the relevant proxy will not be deemed to be present and entitled to vote on those proposals for the purpose of determining the total number of shares of which a majority is required for adoption, having the practical effect of reducing the number of affirmative votes required to achieve a majority vote for such matters by reducing the total number of shares from which a majority is calculated.

If you are a beneficial owner whose shares are held of record by a broker, your broker has discretionary voting authority under NYSE rules to vote your shares on the ratification of the Company s independent registered public accounting firm (Proposal No. 3), even if the broker does not receive voting instructions from you. However, your broker does not have discretionary authority to vote on the election of directors (Proposal No. 1), the amendment to the 2005 Stock Option and Incentive Plan (Proposal No. 2), or on any shareholder proposal without instructions from you, in which case a broker non-vote will occur and your shares will not be voted on these matters.

How Many Votes Are Required to Approve Other Matters?

Unless otherwise required by law or the Company s Bylaws, the affirmative vote of a majority of the voting power represented at the Annual Meeting and entitled to vote will be required for other matters that may properly come before the meeting.

Stockholders Sharing the Same Address

We are sending only one copy of the Annual Report and Proxy Statement to stockholders of record who share the same last name and address, unless they have notified the Company that they want to continue to receive multiple copies. This practice, known as householding, is designed to reduce duplicate mailings and printings and postage costs. However, if any stockholder residing at such address wishes to receive a separate Annual Report or Proxy Statement in the future, he or she may contact Joyce J. Mason, Esq., Corporate Secretary, IDT Corporation, 520 Broad Street, Newark, New Jersey 07102, or by phone at (973) 438-1000, and we will promptly forward to such stockholder a separate Annual Report or Proxy Statement. The contact information above may also be used by members of the same household currently receiving multiple copies of the Annual Report and Proxy Statement in order to request that only one set of materials be sent in the future.

References to Fiscal Years

The Company s fiscal year ends on July 31 of each calendar year. Each reference to a Fiscal Year refers to the Fiscal Year ending in the calendar year indicated (e.g., Fiscal 2013 refers to the Fiscal Year ended July 31, 2013).

CORPORATE GOVERNANCE

Introduction

The Company has in place a comprehensive corporate governance framework that reflects the corporate governance requirements and the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended, and the corporate governance-related listing requirements of the New York Stock Exchange.

Consistent with the Company s commitment to strong corporate governance, the Company does not rely on the exceptions from the New York Stock Exchange s corporate governance listing requirements available to it because it is a controlled company, except as described below with regard to (i) the composition of the Nominating Committee and (ii) the Company not having a single Nominating/Corporate Governance Committee.

In accordance with Sections 303A.09 and 303A.10 of the New York Stock Exchange Listed Company Manual, the Company has adopted a set of Corporate Governance Guidelines and a Code of Business Conduct and Ethics, the full texts of which are available for your review in the Governance section of our website at http://www.idt.net/about/ir/overview.asp and which also are available in print to any stockholder upon written request to the Corporate Secretary.

The Company qualifies as a controlled company as defined in Section 303A of the New York Stock Exchange Listed Company Manual, because more than 50% of the voting power of the Company is controlled by one individual, Howard S. Jonas, who serves as Chief Executive Officer and Chairman of the Board of Directors. Notwithstanding that being a controlled company entitles the Company to exempt itself from the requirement that a majority of its directors be independent directors and that the Compensation Committee and Corporate Governance Committee be comprised entirely of independent directors, the Board of Directors has determined affirmatively that a majority of the members of the Board of Directors and the director nominees are independent in accordance with Section 303A.02 of the New York Stock Exchange Listed Company Manual and that the Compensation Committee and the Corporate Governance Committee are in fact comprised entirely of independent directors. As a controlled company, the Company may, and has chosen to, exempt itself from the New York Stock Exchange requirement that it have a single Nominating/Corporate Governance Committee composed entirely of independent directors. As noted above, and discussed in greater detail below, the Board of Directors maintains a separate Corporate Governance Committee comprised entirely of independent directors, and a Nominating Committee comprised of the Chairman of the Board of Directors and one independent director.

Director Independence

The Corporate Governance Guidelines adopted by the Board of Directors provide that a majority of the members of the Board of Directors, and each member of the Audit, Compensation and Corporate Governance Committees, must meet the independence requirements set forth therein. The full text of the Corporate Governance Guidelines, including the independence requirements, is available for your review in the Governance section of our website at http://www.idt.net/about/ir/overview.asp. For a director to be considered independent, the Board of Directors must determine that a director meets the Independent Director Qualification Standards set forth in the Corporate Governance Guidelines, which comply with the New York Stock Exchange definitions of independent, and is free from any material relationship with the Company and its executive officers. The Board of Directors considers all relevant facts and circumstances known to it in making an independence determination, and not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation or significant financial interest. In addition to considering all relevant information available to it, the Board of Directors uses the following categorical Independent Director Qualification Standards in determining the independence of its directors:

1. During the past three years, the Company shall not have employed the director, or, except in a non-officer capacity, any of the director s immediate family members;

2. During the past three years, the director shall not have received, and shall not have an immediate family member who has received, during any twelve-month period within the last three years, more than $120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);

3. (a) The director shall not be a current partner or employee of a firm that is the Company s internal or external auditor, (b) the director shall not have an immediate family member who is a current partner of

such firm, (c) the director shall not have an immediate family member who is a current employee of such firm and personally works on the Company s audit, and (d) neither the director nor any of his or her immediate family members shall have been, within the last three years, a partner or employee of such firm and personally worked on the Company s audit within that time;

4. Neither the director, nor any of his or her immediate family members, shall be, or shall have been within the last three years, employed as an executive officer of another company where any of the Company s present executive officers at the same time serves or served on that company s compensation (or equivalent) committee; and

5. The director shall not be a current employee and shall not have an immediate family member who is a current executive officer of a company (excluding tax exempt organizations) that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three Fiscal Years, exceeds the greater of (a) $1 million or (b) two percent of the consolidated gross revenues of such other company. The Corporate Governance Committee will review the materiality of such relationship to tax exempt organizations to determine if such director qualifies as independent.

Based on the review and recommendation of the Corporate Governance Committee, the Board of Directors has determined that each of Lawrence E. Bathgate, Michael Chenkin, Eric Cosentino, and Judah Schorr is independent in accordance with the Corporate Governance Guidelines and, thus, that a majority of the current Board of Directors, a majority of the director nominees, and each member or nominee intended to become a member of the Audit, Compensation and Corporate Governance Committees is independent. As used herein, the term non-employee director shall mean any director who is not an employee or consultant of the Company, and who is deemed to be independent by the Board of Directors. Therefore, neither Howard Jonas nor Bill Pereira is a non-employee director. None of the non-employee directors had any relationships with the Company that the Corporate Governance Committee was required to consider when reviewing independence.

Director Selection Process

The Nominating Committee will consider director candidates recommended by the Company s stockholders. Stockholders may recommend director candidates by contacting the Chairman of the Board as provided under the heading Director Communications. The Nominating Committee considers candidates suggested by its members, other directors, senior management and stockholders in anticipation of upcoming elections and actual or expected board vacancies. All candidates, including those recommended by stockholders, are evaluated on the same basis in light of the entirety of their credentials and the needs of the Board of Directors and the Company. Of particular importance is the candidate s wisdom, integrity, ability to make independent analytical inquiries, understanding of the business environment in which the Company operates, as well as his or her potential contribution to the diversity of the Board of Directors and his or her willingness to devote adequate time to fulfill duties as a director. Under Proposal No. 1 Election of Directors below, we provide an overview of each nominee s experience, qualifications, attributes and skills that led the Nominating Committee and the Board of Directors to determine that each nominee should serve as a Director.

Director Communications

Stockholders and other interested parties may communicate with: (i) the Board of Directors, by contacting the Chairman of the Board; (ii) the non-employee directors, by contacting the Lead Independent Director; and (iii) the Audit, Compensation, Corporate Governance or Nominating Committees of the Board of Directors, by contacting the respective chairmen of such committees. All communications should be in writing, should indicate in the address whether the communication is intended for the Lead Independent Director, the Chairman of the Board, or a Committee Chairman, and should be directed care of IDT Corporation s Corporate Secretary, Joyce J. Mason, Esq., Stockholder Communications, IDT Corporation, 520 Broad Street, Newark, New Jersey 07102.

The Corporate Secretary will relay correspondence (i) intended for the Board of Directors, to the Chairman of the Board, who will, in turn, relay such correspondence to the entire Board of Directors, (ii) intended for the non-employee directors, to the Lead Independent Director, and (iii) intended for the Audit, Compensation, and Corporate Governance Committees, to the Chairmen of such committees.

The Corporate Secretary may filter out and disregard or re-direct (without providing a copy to the directors or advising them of the communication), or may otherwise handle at his or her discretion, any director communication that falls into any of the following categories:

- Obscene materials;
- Unsolicited marketing or advertising material or mass mailings;
- Unsolicited newsletters, newspapers, magazines, books and publications;
- Surveys and questionnaires;
- Resumes and other forms of job inquiries;
- Requests for business contacts or referrals;
- Material that is threatening or illegal; or
- Any communications or materials that are not in writing.

In addition, the Corporate Secretary may handle in her discretion any director communication that can be described as an ordinary business matter. Such matters include the following:

- Routine questions, service and product complaints and comments that can be appropriately addressed by management; and
- Routine invoices, bills, account statements and related communications that can be appropriately addressed by management.

BOARD OF DIRECTORS AND COMMITTEES

Board of Directors

The Board of Directors held 12 meetings in Fiscal 2013. In Fiscal 2013, each of the Company s directors attended or participated in 75% or more of the aggregate of (i) the total number of regularly scheduled meetings of the Board of Directors held during the period in which each such director served as a director and (ii) the total number of regularly scheduled meetings held by all committees of the Board of Directors during the period in which each such director served on such committees.

Directors are encouraged to attend the Company s annual meetings of stockholders, and the Company generally schedules a meeting of the Board of Directors on the same date and at the same place as the annual meeting of stockholders to encourage director attendance. All of the members constituting the Board of Directors at the time of the annual meeting of stockholders for Fiscal 2012 attended the 2012 annual meeting of stockholders.

Board of Directors Leadership Structure and Risk Oversight Role

Since October 2009, Howard Jonas has filled the position of Chief Executive Officer, in addition to his role as Chairman of the Board. The Board of Directors decision was based on Howard Jonas leadership skills and his knowledge of the Company s businesses since its inception. As Chairman of the Board, Howard Jonas provides overall leadership to the Board of Directors in its oversight function while, as Chief Executive Officer, he provides leadership in respect to the day-to-day management and operation of the Company s businesses. Howard Jonas service as both Chairman of the Board and Chief Executive Officer creates a critical link between management and the Board of Directors. The risk management oversight roles of the Compensation, Audit and Corporate Governance Committees discussed below, which are comprised solely of independent directors, provide an appropriate and effective balance to the combined Chairman of the Board and Chief Executive Officer role.

Section 303A.03 of the New York Stock Exchange Listed Company Manual requires that the non-employee directors of the Company meet without management at regularly scheduled executive sessions. These executive sessions are held at every regularly scheduled meeting of the Board of Directors. Eric F. Cosentino, an independent director and the Lead Independent Director, serves as the presiding director of these executive sessions and has served in that capacity since December 17, 2009. The Board of Directors determined that the role of Lead Independent Director was important to maintain a well-functioning Board of Directors that objectively assesses management s proposals.

The Board of Directors and each of its committees conduct annual self-assessments in executive sessions to review and monitor their respective continued effectiveness.

The Board of Directors as a whole, and through its committees, has responsibility for the oversight of risk management, including the review of the policies with respect to risk management and risk assessment. With the oversight of the full Board of Directors, the Company s senior management is responsible for the day-to-day management of the material risks the Company faces. The Board of Directors is required to satisfy itself that the risk management process implemented by management is adequate and functioning as designed.

Each of the Audit, Compensation and Corporate Governance Committees oversees certain aspects of risk management and reports its respective findings to the full Board of Directors on a quarterly basis, and as is otherwise needed. The Audit Committee is responsible for overseeing risk management of financial matters, financial reporting, the adequacy of the risk-related internal controls, internal investigations, and security risks, generally. The Compensation Committee oversees risks related to compensation policies and practices. The Corporate Governance Committee oversees our Corporate Governance Guidelines and governance-related risks, such as board independence, as well as senior management and director succession planning.

Board Committees

The Board of Directors has established an Audit Committee, a Compensation Committee, a Corporate Governance Committee and a Nominating Committee.

The Audit Committee

The Audit Committee consists of Lawrence Bathgate (Chairman), Eric Cosentino, Judah Schorr and, since October 16, 2013, Michael Chenkin, and is responsible for, among other things, the appointment, compensation, removal and oversight of the work of the Company s independent registered public accounting firm. The Audit Committee also oversees management s performance of its responsibility for the integrity of the Company s accounting and financial reporting and its systems of internal controls, the performance of the Company s internal audit function and the Company s compliance with legal and regulatory requirements. The Audit Committee operates under a written Audit Committee charter adopted by the Board of Directors, which can be found in the Governance section of our web site, http://www.idt.net/about/ir/overview.asp, and is also available in print to any stockholder upon request to the Corporate Secretary. The Audit Committee held 9 meetings during Fiscal 2013. The Board of Directors has determined that (i) all of the members of the Audit Committee are independent within the meaning of the Section 303A.07(b) and Section 303A.02 of the New York Stock Exchange Listed Company Manual and Rule 10A-3(b) under the Securities Exchange Act of 1934, and (ii) that Messrs. Bathgate and Chenkin each qualify as an audit committee financial expert within the meaning of Item 407(d)(5) of Regulation S-K.

The Compensation Committee

The Compensation Committee is responsible for, among other things, reviewing, evaluating and approving all compensation arrangements for the executive officers of the Company, evaluating the performance of executive officers, administering the Company s 2005 Stock Option and Incentive Plan, as amended and restated, and, its predecessor, the 1996 Stock Option and Incentive Plan, as amended and restated, and recommending to the Board of Directors the compensation for Board members, such as retainers, committee and other fees, stock option, restricted stock and other stock awards, and other similar compensation as deemed appropriate. The Compensation Committee confers with the Company s executive officers when making the above determinations. The Compensation Committee currently consists of Messrs. Bathgate (Chairman), Cosentino, Schorr and, since October 16, 2013, Mr. Chenkin. The Compensation Committee held 6 meetings during Fiscal 2013. The Compensation Committee operates under a written charter adopted by the Board of Directors, which can be found in the Governance section of our web site, http://www.idt.net/about/ir/overview.asp, and which is also available in print to any stockholder upon request to the Corporate Secretary. The Board of Directors has determined that all of the members of the Compensation Committee are independent within the meaning of Section 303A.02 of the New York Stock Exchange Listed Company Manual and the categorical standards set forth above.

The Compensation Committee adopts Company-wide goals and objectives for the fiscal year to be used as a guide when determining annual bonus payments to executive officers after the end of the fiscal year. The Compensation Committee reviews the goals and objectives at the end of the fiscal year to determine the amounts of annual cash bonuses to be awarded to executive officers.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee have served as an officer or employee of the Company or have any relationship with the Company that is required to be disclosed under the heading Related Person Transactions. No executive officer of the Company served or serves on the compensation committee or board of any company that employed or employs any member of the Company s Compensation Committee or Board of Directors.

The Corporate Governance Committee

The Corporate Governance Committee is responsible for, among other things, reviewing and reporting to the Board of Directors on matters involving relationships among the Board of Directors, the stockholders and senior management. The Corporate Governance Committee (i) reviews the Corporate Governance Guidelines and other policies and governing documents of the Company and recommends revisions as appropriate, (ii) reviews any potential conflicts of interest of independent directors, (iii) reviews and monitors related person transactions, (iv) oversees the self-evaluations of the Board of Directors, the Audit Committee and the Compensation Committee and (v) reviews and determines director independence, and makes recommendations to the Board of Directors regarding director independence. The Corporate Governance Committee currently consists of Messrs. Cosentino (Chairman), Bathgate, Schorr and, since October 16, 2013, Mr. Chenkin. The Corporate Governance Committee held 6 meetings in Fiscal 2013. The Corporate Governance Committee operates under a written charter adopted by the Board of Directors, which can be found in the Governance section of our web site, http://www.idt.net/about/ir/overview.asp, and which is also available in print to any stockholder upon request to the Corporate Secretary. The Board of Directors has determined that all of the members of the Corporate Governance Committee are independent within the meaning of Section 303A.02 of the New York Stock Exchange Listed Company Manual and the categorical standards set forth above.

The Nominating Committee

The Nominating Committee is responsible for overseeing nominations to the Board of Directors, including: (i) developing the criteria and qualifications for membership on the Board of Directors, (ii) recommending candidates to fill new or vacant positions on the Board of Directors, and (iii) conducting appropriate inquiries into the backgrounds of potential candidates. A summary of new director qualifications can be found under the heading Director Selection Process. The Nominating Committee currently consists of Howard S. Jonas (Chairman) and Eric Cosentino. The Board of Directors has determined that Eric Cosentino is independent in accordance with Section 303A.04 of the New York Stock Exchange Listed Company Manual. Howard Jonas is not independent. The Company, as a controlled company, is exempt from the requirement to maintain an independent nominating committee pursuant to Section 303A.00 of the New York Stock Exchange Listed Company Manual. The Nominating Committee operates under a written charter adopted by the Board of Directors, which can be found in the Governance section of our web site, http://www.idt.net/about/ir/overview.asp, and which is also available in print to any stockholder upon request to the Corporate Secretary. The Nominating Committee held one meeting in Fiscal 2013. Mr. Chenkin was recommended and approved for inclusion on our proxy card by the Nominating Committee. Mr. Chenkin was elected to the Board of Directors on October 16, 2013 (during Fiscal 2014) to fill a vacancy created by an increase to the size of the Board of Directors to six, and was recommended by the Nominating Committee.

2013 COMPENSATION FOR NON-EMPLOYEE DIRECTORS

Annual compensation for non-employee directors for Fiscal 2013 was comprised of equity compensation, consisting of awards of restricted Class B Common Stock, and cash compensation. Each of these components is described in more detail below.

Director Equity Grants

During Fiscal 2013, pursuant to the Company s 2005 Stock Option and Incentive Plan, as amended and restated, each non-employee director of the Company who was determined to be independent received, on January 7, 2013, an automatic grant of 4,166 shares of the Company s restricted Class B Common Stock, which vested immediately upon grant. In addition, each non-employee director who served as a member of one or more committees of the Board of Directors of the Company received, on January 7, 2013, an additional annual automatic grant of 4,166 shares of the Company s Class B Common Stock (without duplicate grants for serving on multiple committees). Subject to the approval of the stockholders of Proposal No. 2, each non-employee director of the Company who is determined to be independent will receive, commencing on January 5, 2014 and each January 5th thereafter (or the next business day thereafter), an automatic grant of 4,000 shares of the Company s restricted Class B Common Stock, which vest immediately upon grant, and no additional shares of the Company s restricted Class B Common Stock for service on any of the committees. A new director who becomes a member of the Board of Directors during the course of the calendar year receives an automatic grant on the date that he or she becomes a director in the amounts specified above, pro rated based on the calendar quarter of the year in which such person became a director. The stock is granted on a going forward basis, before the director completes his or her service for the calendar year. All such grants of stock to non-employee directors are subject to certain terms and conditions described in the Company s 2005 Stock Option and Incentive Plan, as amended and restated.

Director Board Retainers

Each non-employee director of the Company who attended at least 75% of the regularly scheduled meetings of the Board of Directors during a calendar year receives an annual cash retainer of $50,000. Such payment is made in January following the calendar year in which the non-employee director attended at least 75% of the regularly scheduled meetings of the Board of Directors. The annual cash retainer is pro-rated (by calendar quarter based on the calendar quarter when service on the Board of Directors began or ended) for non-employee directors who join the Board of Directors or depart from the Board of Directors during the prior year, if such director attended 75% of the applicable board meetings for such partial calendar year. The Company s Chief Executive Officer may, in his discretion, waive the requirement of 75% attendance by a director to receive the annual retainer in the case of mitigating circumstances.

Committee Fees

Non-employee directors who served on committees of the Board of Directors during Fiscal 2013 received the following annual fees: $25,000 for service on the Audit Committee, $15,000 for service on the Compensation Committee and $10,000 for service on the Corporate Governance Committee. The members of the Nominating Committee did not receive payment from the Company for their service on this committee. Committee fees were paid quarterly to committee members who attended at least 75% of the meetings of each committee s regularly scheduled meetings during a calendar quarter. In October 2013, the Board determined that non-employee directors will no longer receive annual cash fees for committee service, effective January 1, 2014.

Lead Independent Director

During Fiscal 2013, there was no additional compensation for the Lead Independent Director. In October 2013, the Board determined that the Lead Independent Director would receive an annual cash retainer of $50,000, effective January 1, 2014, to be paid quarterly upon the completion of each quarter of service. Eric Cosentino has served as the Lead Independent Director since December 17, 2009.

2013 Director Compensation Table

The following table lists Fiscal 2013 compensation for any person who served as a non-employee director during Fiscal 2013. This table does not include compensation to Howard S. Jonas or Bill Pereira as they are also employees of the Company and do not receive any compensation for service as directors.

Name	Dates of Board Service During Fiscal 2013		Fees Earned or Paid in Cash ($)	Stock Awards ($)	Total ($)
Lawrence E. Bathgate II	08/01/2012	07/31/2013	$ 100,000[(1)]	$ 80,154[(2)]	$ 180,154
Eric F. Cosentino	08/01/2012	07/31/2013	$ 100,000[(1)]	$ 80,154[(2)]	$ 180,154
Judah Schorr	08/01/2012	07/31/2013	$ 100,000[(1)]	$ 80,154[(2)]	$ 180,154

(1) Consists of (a) $50,000, which represents the annual Board of Directors retainer earned in Fiscal 2013 and (b) $50,000, which represents committee fees earned for committee meetings and committee retainers during Fiscal 2013.

(2) Represents the grant date fair value of an award of 8,332 shares of the Company s Class B Common stock on January 7, 2013 computed in accordance with FASB ACS Topic 718R.

As of July 31, 2013, non-employee directors held the following shares of the Company s Class B Common Stock granted for their service as directors. Non-employee directors did not hold any options to purchase shares of the Company s capital stock as of July 31, 2013.

Name	Class B Common Stock
Lawrence E. Bathgate, II	8,332
Eric F. Cosentino	2,332
Judah Schorr	38,955

RELATED PERSON TRANSACTIONS

Review of Related Person Transactions

The Board of Directors has adopted a Statement of Policy with respect to Related Person Transactions, which is administered by the Corporate Governance Committee. This policy covers any transaction or series of transactions in which the Company or a subsidiary is a participant, the amount involved exceeds $120,000 and a Related Person has a direct or indirect material interest. Related Persons include directors, director nominees, executive officers, any beneficial holder of more than 5% of any class of the Company s voting securities, and any immediate family member of any of the foregoing persons. The policy also covers transactions which, despite not meeting all of the criteria set forth above, would otherwise be considered material to investors based on qualitative factors, as determined by the Corporate Governance Committee with input from the Company s management and advisors. Transactions that fall within the definition are considered by the Corporate Governance Committee for approval, ratification or other action. Based on its consideration of all of the relevant facts and circumstances, the Corporate Governance Committee will decide whether or not to approve such transactions and will approve only those transactions that are in the best interests of the Company and its stockholders. If the Company becomes aware of an existing Related Person Transaction that has not been approved under this Policy, the matter will be referred to the Corporate Governance Committee. The Corporate Governance Committee will evaluate all options available, including ratification, revision or termination of such transaction.

Transactions with Related Persons, Promoters and Certain Control Persons

All of the following ongoing Related Person Transactions were approved in accordance with the policy described above:

On October 28, 2011, the Company spun off its subsidiary, Genie Energy Ltd. (Genie). In connection with the spin-off, the Company and Genie entered into a Transition Services Agreement, dated October 28, 2011 (the TSA), pursuant to which the Company provides certain services to Genie, which is controlled by Howard S. Jonas. The services include, but are not limited to, services relating to human resources, employee benefits administration, finance, accounting, tax, internal audit, facilities, investor relations and legal. Furthermore, the Company granted Genie a license to use the IDT name as part of IDT Energy for its retail energy provider business. Genie paid IDT a total of $4,057,269 for services provided by IDT pursuant to the TSA during Fiscal 2013. As of July 31, 2013, Genie owed the Company $554,032. Additionally, Genie provided human resource services to IDT pursuant to the TSA. IDT paid Genie a total of $167,973 for services provided by IDT pursuant to the TSA during Fiscal 2013. As of July 31, 2013, IDT owed Genie $48,681.

On July 31, 2013, the Company spun off its subsidiary, Straight Path Communications Inc. (SPCI). In connection with the spin-off, the Company and SPCI entered into a Transition Services Agreement, dated July 31, 2013 (the TSA), pursuant to which the Company provides certain services to SPCI until the six-month anniversary of the transaction. The Chief Executive Officer of SPCI is Davidi Jonas, son of Howard S. Jonas, and brother of Shmuel Jonas. The services include, but are not limited to, services relating to human resources, finance, accounting, tax, facilities, investor relations and legal. SPCI will pay IDT a total of approximately $220,000 for services to be provided by IDT pursuant to the TSA during Fiscal 2014.

There is a father/son relationship between Howard S. Jonas, Chairman of the Board, Chief Executive Officer and controlling stockholder, and Shmuel Jonas, Chief Operating Officer. Howard Jonas and Shmuel Jonas total compensation during Fiscal 2013 are set forth in the Summary Compensation Table.

There is a brother/sister relationship between Howard S. Jonas, Chairman of the Board, Chief Executive Officer and controlling stockholder, and Joyce J. Mason, General Counsel, Corporate Secretary and Executive Vice President. Howard Jonas total compensation during Fiscal 2013 is set forth in the Summary Compensation Table. Joyce Mason s total compensation during Fiscal 2013 was $386,149.

On July 9, 2012, Michael Stein, son-in-law of Howard Jonas, was hired by IDT Telecom, Inc. as a VP-Corporate Development. Mr. Stein has an annual salary of $150,000. Mr. Stein s total compensation was $105,384 during Fiscal 2013.

On August 1, 2012, Davidi Jonas, son of Howard Jonas, was hired by IDT Corporation as a VP-Business Development. At the end of Fiscal 2013, Davidi Jonas annual salary was $120,000. Davidi Jonas total compensation was $99,115 during Fiscal 2013. Davidi Jonas is now employed by Straight Path Communications Inc., a former subsidiary of the Company that was spun off on July 31, 2013.

Alex Aronoff, son-in-law of David Lando, is employed by IDT Telecom, Inc. as a senior manager in project management with an annual salary of $149,500. Mr. Aronoff s total compensation during Fiscal 2013 was $149,084.

IDT Domestic Telecom, Inc., a subsidiary of the Company, leases space at 3220 Arlington Avenue, Bronx NY. The property is owned by Arlington Suites, LLC, a company owned by Shmuel Jonas and Howard Jonas. The initial lease expired at the end of April 2012, but IDT Domestic Telecom continued to occupy the space. For the six month period from May 1, 2012 until October 31, 2012, IDT Domestic Telecom was charged a total of $34,513. The parties entered into a new lease, which became effective November 1, 2012 and has a one-year term, with a one-year renewal option for IDT Domestic Telecom with the same terms. The new lease covers 1,465 square feet of office space, at an annual rental rate of $25 per square foot, 1,240 square feet of storage space, at an annual rental rate of $15 per square foot, and five parking spaces, at a monthly rental rate of $230 per space, for a total annual rent of $69,025. The Company has determined that the space is well suited and located to meet the needs of IDT Domestic Telecom, and that the terms of the lease, including the rental price, are in accord with the terms for comparable commercial space in the area.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Company s Class A Common Stock and Class B Common Stock by (i) each person known by the Company to be the beneficial owner of more than 5% of the outstanding shares of the Class A Common Stock or the Class B Common Stock of the Company, (ii) each of the Company s directors, director nominees, and the Named Executive Officers, and (iii) all directors, Named Executive Officers and 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 provided below is given as of October 21, 2013 and all shares are owned directly. Percentage ownership information is based on the following amount of outstanding shares: 1,574,326 shares of Class A Common Stock and 21,411,789 shares of Class B Common Stock. The ownership numbers reported for Howard Jonas assume the conversion of all 1,547,326 currently outstanding shares of Class A Common Stock into Class B Common Stock.

Name	**Number of Shares of Class B Common Stock**	**Percentage of Ownership of Class B Common Stock**	**Percentage of Aggregate Voting Power[d]**
Howard S. Jonas 520 Broad Street Newark, NJ 07102	4,391,207[(1)]	19.1%	72.9%
Marcelo Fischer	47,384[(2)]		
Bill Pereira	60,395[(3)]	*	*
Menachem Ash	19,012[(4)]	*	*
Shmuel Jonas	61,097[(5)]	*	*
Lawrence E. Bathgate, II		*	*
Michael Chenkin			
Eric F. Cosentino	1,532	*	*
Judah Schorr	47,287	*	*
All directors, Named Executive Officers and other executive officers as a group (11) persons)	4,723,315[(6)]	20.47%[(7)]	73.26%

* Less than 1%.

d Voting power represents combined voting power of 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: (a) 1,574,326 shares of Class A Common Stock held by Howard Jonas directly; and (b) 2,773,257 shares of Class B Common Stock, specifically: (i) 45,694 shares of Class B Common Stock held by Howard Jonas directly; (ii) an aggregate of 7,780 shares of Class B Common Stock beneficially owned by custodial accounts for the benefit of certain of the children of Howard Jonas (of which Howard Jonas is the custodian); (iii) 1,269,427 owned by the Howard S. Jonas 2009 Annuity Trust II; (iv) 1,491,579 shares of unvested restricted Class B Common Stock held by Howard Jonas directly; and (v) 2,401 shares of Class B Common Stock held by Howard Jonas in his 401(k) plan account as of September 30, 2013. Howard Jonas, with his wife Deborah Jonas, is the co-trustee of the Howard S. Jonas 2009 Annuity Trust II. The foregoing does not include 197,641 shares of Class B Common Stock owned by the Jonas Foundation and 348,433 shares of Class B Common Stock owned by the Howard S. and Deborah Jonas Foundation, Inc., as Howard Jonas does not beneficially own these shares. The foregoing also does not include an aggregate of 1,502,619 shares of Class B Common Stock beneficially owned by trusts for the benefit of the children of Howard Jonas, as Howard Jonas does not exercise or share investment control of these shares.

(2) Consists of (a) 15,000 shares of restricted Class B Common Stock, (b) 1,829 shares of Class B Common Stock held by Mr. Fischer in his 401(k) plan account as of September 30, 2013, and (c) 30,555 shares of Class B Common Stock of the Company issuable upon the exercise of stock options exercisable within 60 days.

(3) Consists of (a) 7,845 shares of Class B Common Stock held directly, (b) 34,666 shares of restricted Class B Common Stock (c) 666 shares of Class B Common Stock purchased through the Company s Employee Stock Purchase Program, (d) 1,829 shares of Class B Common Stock held by Mr. Pereira in his 401(k) plan account as of September 30, 2013, and (e) 15,389 shares of Class B Common Stock of the Company issuable upon the exercise of stock options exercisable within 60 days.

(4) Consists of (a) 15,666 restricted shares of Class B Common Stock, (b) 1,927 shares of Class B Common Stock owned directly, and (c) 1,419 shares of Class B Common Stock held by Mr. Ash in his 401(k) plan account as of September 30, 2013.

(5) Consists of (a) 35,500 restricted shares of Class B Common Stock, (b) 24,041 shares of Class B Common Stock owned directly, and (c) 1,556 shares of Class B Common Stock owned by Shmuel Jonas wife.

(6) Consists of the shares and options set forth above with respect to the Named Executive Officers and directors (including Howard Jonas shares of Class A Common, which are convertible into Class B Common Stock), and the following shares of Class B Common Stock held by other executive officers: (a) 29,868 shares of Class B Common Stock, (b) 17,833 shares of restricted Class B Common Stock, (b) 4,809 shares of Class B Common Stock held in the listed individual s 401(k) plan accounts as of September 30, 2013, (c) 41,495 shares of Class B Common Stock of the Company issuable upon the exercise of stock options exercisable within 60 days, and (d) 1,396 shares of Class B Common Stock purchased through the Company s Employee Stock Purchase Program.

(7) Assumes conversion of all of the shares of Class A Common Stock into shares of Class B Common Stock

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the securities laws of the United States, the Company s directors, executive officers, and any persons holding more than ten percent or more of a registered class of the Company s equity securities are required to file reports of ownership and changes in ownership, on a timely basis, with the SEC and the New York Stock Exchange. Based on material provided to the Company, the Company believes that all such required reports were filed on a timely basis in Fiscal 2013.

EXECUTIVE COMPENSATION

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the following Compensation Discussion and Analysis section of the Company s 2013 Proxy Statement. Based on our review and discussions, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in IDT s 2013 Proxy Statement.

Lawrence E. Bathgate, II, Chairman

Eric Cosentino

Judah Schorr

Notwithstanding anything to the contrary set forth in any of the Company s previous filings under the Securities Act of 1933, as amended (the Act), or the Securities Exchange Act of 1934, as amended (the Exchange Act), that might incorporate future filings, including this Proxy Statement, in whole or in part, the foregoing report shall not be incorporated by reference into any such filings, nor shall it be deemed to be soliciting material or deemed filed with the Securities and Exchange Commission (the SEC) under the Act or under the Exchange Act.

Michael Chenkin was appointed to the Compensation Committee on October 16, 2013, which was during Fiscal 2014 and subsequent to the adoption of this report.

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis of our compensation practices and related compensation information should be read in conjunction with the Summary Compensation table and other tables included in this proxy statement, as well as our financial statements and management s discussion and analysis of our financial condition and results of operations included in our Annual Report on Form 10-K for the fiscal year ended July 31, 2013, which we refer to as the Form 10-K. The following discussion includes statements of judgment and forward-looking statements that involve risks and uncertainties. These forward-looking statements are based on our current expectations, estimates and projections about our industry, our business, compensation, management s beliefs, and certain assumptions made by us, all of which are subject to change. Forward-looking statements can often be identified by words such as anticipates, expects, intends, plans, predicts, believes, s estimates, may, will, should, would, could, potential, continue, ongoing, similar expressions, and variations or negatives of these include, but are not limited to, statements regarding projected performance and compensation. Actual results could differ significantly from those projected in the forward-looking statements as a result of certain factors, including, but not limited to, the risk factors discussed in the Form 10-K. We assume no obligation to update the forward-looking statements or such risk factors.

Introduction

It is the responsibility of the Compensation Committee of our board of directors to: (i) oversee our general compensation policies; (ii) determine the base salary and bonus to be paid each year to each of our executive officers; (iii) oversee our compensation policies and practices as they relate to our risk management; and (iv) determine the compensation to be paid each year to our non-employee directors for service on our board of directors and the various committees of our board of directors. In addition, the Compensation Committee administers our Stock Option and Incentive Plan with respect to restricted stock and stock option grants or other equity-based awards made to our executive officers. Further, certain individuals have received grants of equity in certain of our subsidiaries. Shares of restricted stock are granted to our non-employee directors automatically under our Stock Option and Incentive Plan on an annual basis.

Elements of Compensation

The three broad components of our executive officer compensation are base salary, annual cash incentive bonus awards, and long term equity-based incentive awards. The Compensation Committee periodically reviews total compensation levels and the allocation of compensation among these three components for each of the executive officers, as well as the Company as a whole, in the context of our overall compensation policy. Additionally, the Compensation Committee, in conjunction with our board, reviews the relationship of executive compensation to corporate performance generally and with respect to specific enumerated goals that are established by the Compensation Committee early in each fiscal year. The Compensation Committee believes that our current compensation plans are serving their intended purposes and are functioning reasonably. Below is a description of the general policies and processes that govern the compensation paid to our executive officers, as reflected in the accompanying compensation tables.

Company Performance

Fiscal 2013 compensation was based on the Company s performance during Fiscal 2012. During Fiscal 2012, the Company again delivered strong performance, while positioning itself for continued growth, by investing in new products and services and ensuring that it has the personnel and infrastructure to support those initiatives. Revenue increased by 11.5% compared to Fiscal 2011. Net income attributable to IDT increased to $38.6 million, compared to $26.8 million in the prior year, and diluted earnings per share were $1.75 compared to Fiscal 2011 s $1.19. IDT Telecom s minutes of use increased by 17.3% year over year. The improvements in revenue and bottom line were driven by growth at IDT Telecom s Retail Communications and Wholesale Termination Services lines of business, as well as modest growth in its Payment Services line of business, and were delivered consistently over the course of the year compared to the corresponding periods in the prior year. During the year, IDT Telecom invested in the expansion of new services, including international airtime top-up and selling telecommunications services over its Boss Revolution platform. These offerings more than offset continued declines in sales of traditional disposable prepaid calling cards. In addition, both Fabrix and Zedge delivered year over year increases in revenue.

In connection with the spin-off of Genie that was consummated during Fiscal 2012, IDT capitalized Genie with $106 million that reduced IDT s cash and cash equivalent balance. Notwithstanding that impact, IDT ended Fiscal 2012 with $151.5 million in cash and cash equivalents, a decrease of $92.8 million from the balance at the beginning of the fiscal year. During Fiscal 2012, IDT also paid $15.0 million in dividends and repurchased $2.8 million of its common stock and Class B common stock.

Compensation Structure, Philosophy and Process

Our executive compensation structure is designed to attract and retain qualified and motivated personnel and align their interests with the short-term and long-term goals of the Company and with the best interests of our stockholders. Our compensation philosophy is to provide compensation to attract the individuals necessary for our current needs and planned organic growth and changes in operations, as well as for the business units that represent longer-term growth initiatives, and provide them with the proper incentives to motivate those individuals to achieve our long-term plans.

The base salary levels we pay to each of our Named Executive Officers are based on the responsibilities undertaken by the respective individuals, if applicable, the business unit managed and its complexity and role within the Company, and the market place for employment of people of similar skills and backgrounds. The base salaries paid are determined by discussions with the covered individual and his manager and budgetary considerations and approved by the relevant members of our senior management and, in the case of executive officers and certain other key, highly compensated individuals, our Compensation Committee.

Incentive compensation is designed to reward contributions to achieving the Company s goals for the current period, as well as for the longer term. Cash bonuses are awarded based upon goals that are set early in each fiscal year. Those goals are set for the Company and for specific operating divisions, and are designed to set forth achievable goals for the current performance of the Company and its business units and for current contributions to long-term initiatives. The levels of bonuses paid to individual executives are based on the Company meeting the goals and metrics outlined, the individual s role in achieving those goals, if relevant, the performance of the business unit over which the individual exercised management, and other accomplishments during the year that were deemed relevant in specific instances. Following the end of a fiscal year, our management sets Company-wide bonus levels for the fiscal year then ended, based on Company performance and available resources. The proposed bonuses are then presented to the Compensation Committee. The bonus amounts awarded to executive officers are the result of subjective determinations made by the relevant members of management and the Compensation Committee with respect to each subject individual, based on Company and individual performance, particularly relative to the performance factors set by the Compensation Committee for the fiscal year, and levels relative to the bonuses of other personnel and officers. Individual bonus levels are not determined based on previously established formulae, targets or ranges, though prior year levels, performance versus budgets and similar figures may serve as guidelines for bonuses for certain executives, and individuals and their direct supervisors may use target figures in initiating discussions of bonus levels.

Executive officers are eligible to receive cash bonuses of up to 100% of base salary (or up to 120% or higher upon extraordinary performance) based upon performance, including the specific financial and other goals set by the Compensation Committee, which goals are Company-wide, specific to a business unit or specific to an executive and his area of responsibility, as well as specific extraordinary accomplishments by such officers during the relevant period. Specific bonuses will depend on the individual achievements of executives and their contribution to achievement of the enumerated goals. These goals are approved by the Compensation Committee.

Equity grants are made in order to provide longer term incentive compensation and to better align the interests of our executives with our stockholders. Executives have been granted equity interests in the Company and, in limited circumstances, with regard to individuals whose areas of responsibility focus on specific operations or who have contributed in significant ways to specific subsidiaries, in those subsidiaries, so as to better incentivize and reward the executives for the results of their efforts.

Compensation Decisions Made in Fiscal 2013

Goals and Performance

For Fiscal 2012, IDT s Compensation Committee set the following goals for company and executive performance: (i) meet or exceed Budgeted EBITDA of $20.1 million Company-wide; (ii) generate positive operating cash flow; (iii) complete the spin-off of Genie Energy Ltd.; (iv) complete IDT Telecom financing; (v) reduce the carrying cost of the 520 Broad Street headquarters building through leasing, selling or restructuring, and sell or lease the Piscataway building; (vi) begin a licensing program for IDT s patents; and (vii) reduce corporate overhead run-rate by at least $1.2 million below the $14.5 million budgeted for Fiscal 2012.

In Fiscal 2013, management presented its results for Fiscal 2012 relative to such goals to IDT s Compensation Committee as follows: (i) IDT recorded EBITDA of $24.9 million, exceeding the target by 24%; (ii) IDT had operating cash flow of $41.2 million; (iii) the Genie Energy Ltd. spin-off was completed on October 28, 2011; (iv) IDT Telecom secured a $25 million line of credit from TD Bank; (v) the real estate assets were not monetized; (vi) the licensing program for IDT s patents was ongoing and plans were made for the spin-off of the patent assets; and (vi) corporate overhead for Fiscal 2012 was $13 million, $1.5 million less than the $14.5 million budgeted.

Bonus Awards

In connection with such performance and accomplishments, the following individual bonus levels were determined and paid in Fiscal 2013:

In connection with the spin-off of Genie Energy from IDT in October 2011, it was agreed between IDT and Genie Energy that Howard Jonas base salary (which, in accordance with his employment agreement (as amended and restated) described below provides that substantially all of his base compensation through December 31, 2013 be paid in common stock of IDT that was granted in 2008 and vests through 2013) would be paid by IDT, while Genie Energy would be responsible for paying his bonus compensation through the remainder of the term of the employment agreement. Accordingly, Howard Jonas did not receive a bonus from the Company in Fiscal 2013, representing a decrease of $400,000 from the prior year s bonus.

Shmuel Jonas was paid a cash bonus of $110,000, representing a $10,000 increase over the prior year s bonus. As Chief Operating Officer, Shmuel Jonas was integral in the performance by IDT Telecom which provided the results necessary to meet the Company s EBITDA and cash flow goals, and as the principal executive with oversight over cost containment, he was directly responsible for much of the reduction in corporate overhead. He was also actively involved in the development and launch of new product and service initiatives at IDT Telecom.

Marcelo Fischer was paid a cash bonus of $115,000 the same bonus level as was paid in the prior fiscal year. Mr. Fischer was elected as the Senior Vice President of Finance on October 31, 2011, and in such position, he was essential in the decisions related to IDT Telecom operations and execution of the initiatives that produced the Company s operating and bottom line results. He was the primary executive responsible for securing the TD Bank line of credit, and is actively involved in the financial aspects of all business units and operations Company-wide.

Bill Pereira was paid a cash bonus of $450,000, representing a $150,000 increase of the prior year s bonus level. Mr. Pereira began Fiscal 2012 as IDT s Chief Financial Officer and transitioned into the role of Chief Executive Officer, President and Co-Chairman of IDT Telecom effective October 31, 2011. Mr. Pereira was the project leader on the spin-off of Genie from IDT and was principally responsible for completing that effort. As CFO, he was responsible for the financial aspects of many of the initiatives that led to the Company s strong performance in Fiscal 2012, and as CEO of IDT Telecom, played a broader role in implementing those initiatives, and designing the new products and services that led to growth in 2012, and positioned the Company for future growth in 2013 and beyond. As the principal executive of IDT Telecom, together with the other senior personnel, he is responsible for all major undertakings at the business unit that generated 98% of IDT s revenues in Fiscal 2012.

Menachem Ash was paid a cash bonus of $200,000. Mr. Ash was not a Named Executive Officer during Fiscal 2012. Menachem Ash served as the managing attorney of IDT s legal department until October 23, 2012, when he was elected Executive Vice President of Strategy and Legal Affairs. Mr. Ash was actively involved in the legal aspects of many matters and dealing with third parties, including commercial relationships, strategic partnerships and disputes, including litigation. In that capacity, he participated in implementing many of the initiatives that produced the Company s results and growth potential. Mr. Ash was also responsible for settling several disputes on terms beneficial to the Company and a portion of his bonus compensation was directly related to such accomplishments.

Base Salaries

The Company pays base salaries to its executives intended to meet the goals and purposes outlined above. The base salaries of certain executives are set forth in written agreements with the Company, which agreements are described below. Subject to those written agreements, the base salaries are set by the Compensation Committee on an annual basis, based on presentations made by management.

During Fiscal 2013, Howard Jonas was paid a cash base salary of $35,000 plus the previously issued common stock of the Company provided for in his written employment agreement. In connection with the spin-off of Genie from the Company, in October 2012, the Company and Howard Jonas entered into an amendment and restatement of the written employment agreement that is described below.

During Fiscal 2013, Shmuel Jonas was paid a base salary of $395,000.

In Fiscal 2013, Marcelo Fischer s base salary was maintained at an annual rate of $388,000 unchanged from the prior period.

In Fiscal 2013, Mr. Pereira was paid a base salary of $500,000, in accordance with the employment agreement entered into with IDT Telecom in November 2011.

During Fiscal 2013, Mr. Ash was paid an annual base salary of $370,000, an increase of $50,000 from the prior Fiscal year.

Equity Grants in IDT

The Company did not make any grants of Company stock, options to purchase Company stock or other equity instruments in the Company to the Named Executive Officers during Fiscal 2013.

In October 2012, IDT granted to Howard Jonas 100 shares of common stock of ICTI, representing 10% of the outstanding capital stock of ICTI, in recognition of Howard Jonas prior and ongoing efforts related to the program to enforce ICTI s intellectual property rights, and his commitment to execute on a plan that maximizes the risk adjusted value of those rights for IDT and its stockholders.

In Fiscal 2012, the Company granted restricted shares of Class B common stock and options to purchase shares of Class B Common Stock, to employees, including certain of our Named Executive Officers. The Named Executive Officers received grants commensurate with their roles at the Company and in order to provide an appropriate incentive for them to grow the Company and align their interests with our stockholders. Mr. Shmuel Jonas was awarded 17,500 shares of restricted Class B common stock; Mr. Fischer was awarded 15,000 shares of restricted Class B common stock; Mr. Pereira was awarded 25,000 shares of restricted Class B common stock, and options to purchase 7,750 shares of Class B common stock; and Mr. Ash was awarded 14,000 shares of restricted Class B common stock.

The award to Mr. Pereira was made pursuant to his employment agreement.

The options and restricted stock granted to Mr. Pereira vest over three years. The restricted stock grants to Messrs. Shmuel Jonas, Fischer and Ash vest entirely on the third anniversary of the grant. For those executives with employment agreements, the treatment on termination of employment is determined by those agreements which are described below. All options have an exercise price equal to the most recent closing price of the Class B common stock preceding the grant.

Equity Grants in Genie

In connection with the spin-off of Genie from IDT, certain Company employees, including Mr. Howard Jonas, Mr. Shmuel Jonas and Mr. Pereira, received grants of restricted shares of Class B common stock of Genie. In addition, Mr. Shmuel Jonas and Mr. Pereira received options to purchase shares of Class B common stock of Genie. The grants were made in connection with the efforts of the Named Executive Officers in the spin-off, and in respect of continuing services to be provided by certain Named Executive Officers to Genie under the Transition Services Agreement between IDT and Genie.

Mr. Howard Jonas was awarded 55,000 shares of Genie Class B common stock; Mr. Shmuel Jonas was awarded 15,000 shares of Genie Class B common stock, and options to purchase 15,000 shares of Genie Class B common stock; and Mr. Pereira was awarded 16,000 shares of Genie Class B common stock, and options to purchase 16,000 shares of Genie Class B common stock;.

All grants of restricted shares and options of Genie vest over three years and, for those executives with employment agreements, the treatment on termination of employment is determined by those agreements which are described below. All options have an exercise price of $6.85, which was the most recent closing price of the Genie Class B common stock preceding the grant.

Option Adjustments

In November 2011, in connection with the spin-off of Genie from IDT, the exercise prices of all options to purchase IDT Class B common stock, including those held by Messrs. Fischer and Pereira, were modified. In March 2012, the expiration dates of the options were extended. The exercise prices were reduced by approximately 44% (based on the relative trading prices of IDT and Genie following the spin-off) and the expiration dates were extended by approximately three years from their previously scheduled expirations.

Genie Spin-Off

In connection with the spin-off of Genie from IDT, all holders of common stock of IDT, including our Named Executive Officers, received shares of Genie common stock on a one-for-one basis. Such issuances were not compensatory in nature and were on the same terms as other IDT stockholders. To the extent that IDT shares were restricted, corresponding restrictions were placed on the Genie shares received in the spin-off.

Also, in connection with the spin-off, holders, including Messrs. Fischer and Pereira, of options to purchase IDT Class B common stock were issued options to purchase shares of Genie Class B common stock. The granted options have exercise prices equal to the value of the underlying Genie stock on the date of grant and were fully vested on grant. Mr. Fischer received options to purchase 3,259 shares of Genie Class B common stock and Mr. Pereira received options to purchase 1,090 shares of Genie Class B common stock.

Goals for Fiscal Years 2013 and 2014

At a meeting held on September 10, 2012, our Compensation Committee approved the following goals for Fiscal 2013: (i) increase of Company revenues of 10% or greater from Fiscal 2012 levels; (ii) meet or exceed Budgeted EBITDA of $24.2 million company-wide; (iii) generate positive operating cash flow; (iv) achieve full compliance with the Level 1 security requirements of the PCI Security Standards Council applicable to merchants accepting credit card payments; (v) introduce Boss Revolution in Europe and Asia; (vi) introduce and further develop financial payment products; and (vii) expand the customer base for Fabrix or otherwise monetize IDT s interest; and (viii) execute on a plan for the ICTI intellectual property.

In September 2013 (in Fiscal 2014), IDT paid bonuses to its executive officers in respect of performance during Fiscal 2013.

At a meeting held on September 17, 2013, our Compensation Committee approved the following goals for Fiscal 2014: (i) meet or exceed budgeted revenue and/or gross profit and EBITDA; (ii) generate positive operating cash flow; (iii) maintain full compliance with the Level 1 security requirements of the PCI Security Standards Council; (iv) expand Boss Revolution s presence in Europe and Asia; (v) enhance and expand IDT Telecom product offerings and feature offerings, focusing on the mobile market, payment services, and new IDT Beyond offerings; (vi) improve IDT Telecom s technology infrastructure; (vii) pursue strategic alternatives to unlock the value of Zedge; and (viii) increase Fabrix s DVR deals and develop new product verticals.

Employment Agreements

In Fiscal 2012, the Company entered into an employment agreement with Bill Pereira and amended the existing employment agreement with Howard Jonas. These agreements are described more fully below.

Howard Jonas employment agreement with Genie does not govern his employment by or relationship with the Company.

EXECUTIVE COMPENSATION TABLES

Summary Compensation Table Fiscal 2013

The table below summarizes the total compensation paid or awarded for Fiscal 2013 and, where required, Fiscal 2012 and Fiscal 2011, to each of the Chief Executive Officer, the principal financial officer, and the three other highest paid executive officers of the Company during Fiscal 2013 (the Named Executive Officers).

Name and Principal Position	Fiscal Year	Salary ($)[1]	Bonus ($)[1]	Stock Awards ($)[2]	Option Awards ($)[2]	All Other Compensation ($)	Total ($)
Howard S. Jonas	2013	$ 35,000[4]	$	$ 662,000[5]	$	$ 1,120,684[6]	$ 1,817,684
Chief Executive Officer and Chairman of the	2012	$ 35,000[4]	$ 400,000	$ [7]	$	$ 1,191,487[8]	$ 1,626,487
Board[3]	2011	$ 36,044[4]	$ 375,000	$	$	$ 1,380,389[9]	$ 1,791,433
Marcelo Fischer	2013	$ 388,000	$ 115,000	$ [11]	$	$ 13,250[12]	$ 516,250
Senior Vice President Finance (Principal	2012	$ 388,000	$ 115,000	$ 152,550[13]	$ 20,255[14]	$ 2,500[15]	678,305
Financial Officer)[10]							
Bill Pereira	2013	$ 500,000	$ 450,000	$ [17]	$	$ 47,750[18]	$ 997,750
Chief Executive Officer and President of	2012	$ 489,077	$ 300,000	$ 316,750[19]	$ 47,837[20]	$ 43,490[21]	$ 1,197,154
IDT Telecom, Inc., Current Board	2011	$ 476,650	$ 285,000	$ 1,514,160[22]	$	$ 14,870[23]	$ 2,290,680
Member[16]							
Menachem Ash	2013	$ 368,654	$ 200,000	$ [25]	$	$ 15,000[26]	$ 583,654
Executive Vice President of Strategy and							
Legal Affairs[24]							
Shmuel Jonas	2013	$ 395,000	$ 110,000	$ [28]	$	$ 40,125[29]	$ 545,125
Chief Operating Officer[27]	2012	$ 394,231	$ 100,000	$ 177,975[30]	$	$ 30,240[29]	$ 702,446

(1) The Company s executive compensation structure is designed to attract and retain qualified and motivated personnel and align their interests with that of the Company and its stockholders. The base salary levels and bonuses paid to the Named Executive Officers in Fiscal 2013, 2012 and 2011 were based on the responsibilities undertaken by the individuals, the business unit managed and its complexity and role within the Company, and the market place for employment of people of similar skill and background. The base salary levels and bonuses paid were determined by budgetary considerations and approved by the Compensation Committee of the Board of Directors. The Named Executive Officers were awarded bonuses based on certain accomplishments during the previous fiscal year, as set forth in the Compensation Discussion and Analysis above. The Company does not target any specific proportion of total compensation in setting base salary and bonus compensation. The bonus amounts awarded to specific individuals were not determined based on previously established formulae, targets or ranges. Rather, the amounts were the result of determinations made by the relevant members of management and the Compensation Committee with respect to each subject individual, based on Company-wide bonus levels that were arrived at following the end of the relevant fiscal year and relative to company performance and available resources, individual performance and levels relative to the bonuses of other Company personnel and officers.

(2) The amounts shown in these columns reflect the aggregate grant date fair value of restricted stock awards and option awards computed in accordance with FASB ASC Topic 718. In valuing such awards, the Company made certain assumptions. For a discussion of those assumptions, please see Note 14 to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the Fiscal Year ended July 31, 2013. The amounts shown in these columns do not include the aggregate grant date fair value of restricted stock awards or option awards that were granted to the Named Executive Officers by the Company s former subsidiaries, Genie Energy Ltd., which was spun off in October 2011, or Straight Path Communications, Inc., which was spun off on July 31, 2013.

(3) Howard Jonas has served as Chief Executive Officer since October 22, 2009. Howard Jonas does not receive compensation for his role as a director of the Company.

(4) Amounts listed as base salary for Howard Jonas in Fiscal 2013, Fiscal 2012 and Fiscal 2011 were amounts paid in order to facilitate the provision of employee benefits to Howard Jonas and allow for salary deductions to pay the employee portion of the costs thereof by Howard Jonas under Company policy.

(5) This amount represents a $662,000 compensation cost, computed in accordance with FAS 123R, in connection with a grant of ten percent (10%) of the Company s former subsidiary, Straight Path IP Group, Inc. (f/k/a Innovative Communications Technologies, Inc.) (SPIP). SPIP holds patents related to VOIP technology and was part of the spin-off of Straight Path Commutations, Inc. on July 31, 2013. The grant of ten percent of SPIP was approved by the Company s Compensation Committee in recognition of Mr. Jonas contribution to the monetization of these patents. In addition, in connection with the spin-off of Straight Path from IDT, Howard Jonas received 745,789 restricted shares of Straight Path in respect of shares of restricted stock of IDT held on the date of the spin-off. Because such grants were made by an entity other than IDT, and shares were issued in securities of another entity, they are not reflected in the values set forth in the table.

(6) Consists of (i) $1,118,684 in dividends paid on shares of unvested restricted Class B Common Stock that were held by Howard Jonas in connection with his employment agreement described below and (ii) $2,000, which represents the value of IDT Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.

(7) Howard Jonas did not receive a Stock Award from the Company in Fiscal 2012. However, on November 3, 2011, Howard Jonas received a grant of 55,000 shares of restricted stock of Genie. The grant was made by Genie shortly following the spin-off of Genie from IDT, and was in respect of the spin-off as well as continuing services to be provided by Howard Jonas for his services as Chairman of the Board of Genie. The grant date fair value of the restricted stock award computed in accordance with FASB ASC Topic 718 was determined to be $376,750. In addition, in connection with the spin-off of Genie from IDT, Howard Jonas received 2,059,761 restricted shares of Genie in respect of shares of restricted stock of IDT held on the date of the spin-off. Because such grants were made by an entity other than IDT, and shares were issued in securities of another entity, they are not reflected in the values set forth in the table.

(8) Consists of (i) $1,188,987 in dividends paid on shares of unvested restricted Class B Common Stock that were held by Howard Jonas in connection with his employment agreement described below and (ii) $2,500, which represents the value of IDT Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.

(9) Consists of (i) $1,380,039 in dividends paid on shares of unvested restricted Class B Common Stock that were granted to Howard Jonas in connection with his employment agreement described below and (ii) $350, which represents the value of IDT Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.

(10) Mr. Fischer was appointed as Senior Vice President Finance on October 31, 2011, and is the principal financial officer of the Company. Mr. Fischer was not a Named Executive Officer in Fiscal 2011.

(11) In connection with the spin-off of Straight Path from IDT, Marcelo Fischer received 7,500 restricted shares of Straight Path in respect of shares of restricted stock of IDT held on the date of the spin-off. Because such grants were made by an entity other than IDT, and shares were issued in securities of another entity, they are not reflected in the values set forth in the table.

(12) Consists of (i) $11,250 in dividends paid on shares of unvested restricted Class B Common Stock that were held by Marcelo Fischer and (ii) $2,000, which represents the value of IDT Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.

(13) Grant of 15,000 shares of restricted Class B Common Stock to vest in full on July 1, 2015. The stock grant issued to Mr. Fischer was part of a grant to certain employees made on July 16, 2012 in order to provide incentive for executives to grow the Company and align their interests with the Company s stockholders. In connection with the spin-off of Genie from IDT, Mr. Fischer received options to purchase 3,259 shares of Genie in respect of options to purchase stock of IDT held on the date of the spin-off. Because such grant was made by an entity other than IDT, and shares/options were issued in securities of another entity, they are not reflected in the values set forth in the table.

(14) Consists of the incremental fair value, computed in accordance with FASB ASC Topic 718, of the Company-wide three year extension of options to purchase 30,555 shares of Class B Common Stock.

(15) Represents the value of IDT Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.

(16) Mr. Pereira served as Chief Financial Officer until October 28, 2011, at which time he was appointed as Chief Executive Officer and President of IDT Telecom, Inc. Mr. Pereira does not receive compensation for his role as a director of the Company.

(17) In connection with the spin-off of Straight Path from IDT, Bill Pereira received 17,333 restricted shares of Straight Path in respect of shares of restricted stock of IDT held on the date of the spin-off. Because such grants were made by an entity other than IDT, and shares were issued in securities of another entity, they are not reflected in the values set forth in the table.

(18) Consists of (i) $45,750 in dividends paid on shares of unvested restricted Class B Common Stock that were granted to Mr. Pereira and (ii) $2,000, which represents the value of IDT Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.

(19) Represents the value of 25,000 shares of restricted Class B Common Stock granted in connection with Mr. Pereira s employment agreement described below, to vest in three equal annual installments commencing on November 22, 2012. Additionally, on November 3, 2011, Mr. Pereira received a grant of 16,000 shares of restricted stock of Genie, and options to purchase 16,000 shares of Genie. The grant was made by Genie shortly following the spin-off of Genie from IDT, and was in respect of the spin-off as well as continuing services to be provided by the recipient under the TSA and other agreements. The grant date fair value of restricted stock awards and option awards computed in accordance with FASB ASC Topic 718 was determined to be $175,998. In addition, in connection with the spin-off of Genie from IDT, Mr. Pereira received 54,000 restricted shares of Genie in respect of shares of restricted stock of IDT held on the date of the spin-off and options to purchase 1,090 shares of Genie s Class B Common Stock in respect of options to purchase Class B Common Stock of IDT held on the date of the spin-off. Because such grants were made by an entity other than IDT, and shares/options were issued in securities of another entity, they are not reflected in the values set forth in the table.

(20) Consists of (i) $41,713 representing the fair value of a grant of an option to purchase 7,750 shares of Class B Common Stock in connection with Mr. Pereira s employment agreement described below, to vest in three equal annual installments commencing on November 22, 2012 and expiring on November 21, 2021 and (ii) $6,124 representing the incremental fair value, computed in accordance with FASB ASC Topic 718, of the Company-wide three year extension of options to purchase 10,222 shares of Class B Common Stock.

(21) Consists of (i) $40,990 in dividends paid on shares of unvested restricted Class B Common Stock that were granted to Mr. Pereira and (ii) $2,500, which represents the value of IDT Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.

(22) Grant of 54,000 shares of restricted Class B Common Stock to vest in three equal annual installments which commenced on January 5, 2012. The stock grant issued to Mr. Pereira in Fiscal 2011 was part of a grant to certain employees made as the Company completed its cost cutting and turn-around effort, in recognition of the contributions made by the individuals to that effort, to shaping the strategic vision and growth plan of the Company, and to the significant increase in the market prices for the Company s equity. The individual grant levels were determined in discussions with management and the Compensation Committee and were linked to the contributions made to the multi-year effort by each individual, including Mr. Pereira.

(23) Consists of (i) $12,420 in dividends paid on shares of unvested restricted Class B Common Stock and (ii) $2,450, which represents the value of IDT Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.

(24) Mr. Ash has served as Executive Vice President of Strategy and Legal Affairs since October 23, 2012. Mr. Ash was not a Named Executive Officer in Fiscal 2012 or Fiscal 2011.

(25) In connection with the spin-off of Straight Path from IDT, Menachem Ash received 7,833 restricted shares of Straight Path in respect of shares of restricted stock of IDT held on the date of the spin-off. Because such grants were made by an entity other than IDT, and shares were issued in securities of another entity, they are not reflected in the values set forth in the table.

(26) Consists of (i) $13,000 in dividends paid on shares of unvested restricted Class B Common Stock that were granted to Mr. Ash and (ii) $2,000, which represents the value of IDT Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.

(27) Shmuel Jonas has served as Chief Operating Officer since June 24, 2012. Shmuel Jonas was not a Named Executive Officer in Fiscal 2011.

(28) In connection with the spin-off of Straight Path from IDT, Shmuel Jonas received 17,750 restricted shares of Straight Path in respect of shares of restricted stock of IDT held on the date of the spin-off. Because such grants were made by an entity other than IDT, and shares were issued in securities of another entity, they are not reflected in the values set forth in the table.

(29) Represents dividends paid on shares of unvested restricted Class B Common Stock.

(30) Represents the value of a grant of 17,500 shares of restricted Class B Common Stock to vest in full on July 1, 2015. The stock grant issued to Shmuel Jonas was part of a grant to certain employees made on July 16, 2012 in order to provide incentive for executives to grow the Company and align their interests with the Company s stockholders. Additionally, on November 3, 2011, Shmuel Jonas received a grant of 15,000 shares of restricted Class B Common Stock of Genie, and options to purchase 15,000 shares of Class B Common Stock of Genie. The grant was made by Genie shortly following the spin-off of Genie from IDT, and was in respect of the spin-off as well as continuing services to be provided by the recipient under the TSA and other agreements. The grant date fair value of restricted stock awards and option awards computed in accordance with FASB ASC Topic 718 was determined to be $164,998. In addition, in connection with the spin-off of Genie from IDT, Shmuel Jonas received 54,000 restricted shares of Genie in respect of shares of restricted stock of IDT held on the date of the spin-off. Because such grants were made by an entity other than IDT, and shares/options were issued in securities of another entity, they are not reflected in the values set forth in the table.

Employment Agreements

Howard S. Jonas: Howard Jonas employment agreement (the Jonas Employment Agreement) that was in effect until October 30, 2008, was entered into effective April 1, 2002 and was amended twice. The Jonas Employment Agreement had a term through April 1, 2012. The Jonas Employment Agreement was amended on March 13, 2008 to provide a minimum annual base salary of $856,000 (but, through October 30, 2008, Howard Jonas accepted only $750,000 per annum), which may not be decreased, but must be increased from time to time to match the base salary of the highest paid employee of the Company or of any entity controlled by the Company, during the term of the agreement.

On October 31, 2008, the Company and Howard Jonas entered into an Amended and Restated Employment Agreement (the Revised Jonas Agreement), pursuant to which Howard Jonas received an annual base salary of $750,000 through December 31, 2008, as well as 883,333 restricted shares of Common Stock and 1,176,427 restricted shares of Class B Common Stock in lieu of a cash base salary from January 1, 2009 through December 31, 2013, the end of the term (collectively, the Compensation Shares). On October 22, 2009, Howard Jonas became the Chief Executive Officer of the Company. On April 5, 2011, all of the Company s Common Stock was reclassified as Class B Common Stock; therefore, the 883,333 restricted shares of Common Stock were reclassified as 883,333 restricted shares of Class B Common Stock.

On October 28, 2011, the Company and Howard Jonas entered into the Second Amended and Restated Employment Agreement (the Second Revised Agreement) for the term from October 28, 2011 to December 31, 2013. The Second Revised Jonas Agreement is automatically extendable for additional one-year periods unless the Company or Howard Jonas notifies the other within ninety days of the end of the term that the agreement will not be extended. Pursuant to the Second Revised Agreement, Howard Jonas (i) will serve as Chairman of the Board of Directors of and Chief Executive Officer of the Company, (ii) is permitted to act as Chairman of the Board of Genie Energy, Ltd., the Company s former subsidiary that was spun off the Company s stockholders on October 28, 2011, (iii) will receive an annual cash base salary of up to $50,000 (in addition to the Compensation Shares) through December 31, 2013 and (iv) will receive an annual base salary of $1 million, or more as agreed upon by Howard Jonas and the Company, from and after December 31, 2013.

On October 28, 2011, the Company spun off its subsidiary, Genie Energy Ltd. Howard Jonas is the Chairman of the Board of Genie Energy Ltd. and, on October 28, 2011, he entered into an employment agreement with Genie Energy Ltd. for a term from October 28, 2011 to December 31, 2014. Pursuant to the agreement between Howard Jonas and Genie Energy Ltd., Howard Jonas shall not receive an annual base salary, but he shall be entitled to receive bonuses as determined by the compensation committee of the board of directors of Genie Energy Ltd. Howard Jonas employment agreement with Genie Energy Ltd. does not govern his employment relationship with the Company.

The Company and Mr. Jonas are negotiating the terms of a new employment agreement to be effective upon expiration of the existing agreement.

Bill Pereira: On April 29, 2009, the Company and Mr. Pereira entered into an Employment Agreement (the Pereira Agreement), pursuant to which Mr. Pereira received an annual base salary of $435,000 from January 2, 2009 through January 1, 2012 (the term of the Pereira Agreement). In addition, Mr. Pereira was entitled to participate in any established bonus program for senior executive management. Among other things, the Pereira Agreement provided that Mr. Pereira would serve as Chief Financial Officer of the Company.

Mr. Pereira resigned as Chief Financial Officer of the Company on October 28, 2011 and was appointed as the Chief Executive Officer of IDT Telecom, the Company s subsidiary, on October 31, 2011. On November 22, 2011, Mr. Pereira and IDT Telecom, Inc. entered into an Employment Agreement (the Revised Pereira Agreement), which terminated the Pereira Agreement, pursuant to which Mr. Pereira receives an annual base salary of $500,000 from November 22, 2011 to December 31, 2014 (the term of the Revised Pereira Agreement). In addition, Mr. Pereira is entitled to participate in any established bonus program for senior executive management as approved by the Compensation Committee. Mr. Pereira also received, on November 22, 2011, (i) a grant of options to purchase 7,750 shares of the Company s Class B Common Stock with an exercise price equal to the fair market value on the date of grant ($12.67) and an expiration date of November 21, 2021 and (ii) a grant of 25,000 shares of the Company s restricted Class B Common Stock. Such options and restricted stock were granted pursuant to the Company s 2005 Stock Option and Incentive Plan, as amended and restated, and vest in equal annual installments on the first through the third anniversaries of November 22, 2011 (the Pereira Equity). Among other things, the Revised Pereira Agreement provides that Mr. Pereira will serve as Chief Executive Officer of the IDT Telecom, Inc. The Revised Pereira Agreement is automatically extendable for additional one-year periods unless IDT Telecom, Inc. or Mr. Pereira notifies the other within ninety days of the end of the term that the agreement will not be extended.

In addition, including pursuant to their employment agreements, executives are eligible to receive bonuses based upon performance, including the specific financial and other goals set by the Compensation Committee of the Board of Directors.

Menachem Ash and Shmuel Jonas do not have employment agreements with the Company or any of its subsidiaries. On November 13, 2008, Mr. Fischer and the Company entered into a Confidential Release and Retention Agreement, which is described below under Potential Payments Upon Termination or Change-in-Control.

Grants of Plan-Based Awards

There were no restricted stock awards or option awards granted to the Named Executive Officers in Fiscal 2013.

Outstanding Equity Awards at Fiscal Year-End

The following table sets forth all outstanding equity awards made to each of the Named Executive Officers that were outstanding at the end of Fiscal 2013.

	Option Awards				Stock Awards	
Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)[1]	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested($)[2]
Howard S. Jonas					1,491,579[3]	$ 30,830,938
Marcelo Fischer	8,333		21.83	07/21/2018	15,000[4]	$ 310,050
	22,222		19.10	04/22/2020		
Bill Pereira	10,222		19.10	04/22/2020	34,666[5]	$ 716,546
	2,584	5,166	12.67	11/21/2021		
Menachem Ash					15,666[6]	$ 323,816
Shmuel Jonas					35,500[7]	$ 733,785

(1) These option prices were subsequently adjusted downward by 15.29% by the Compensation Committee in connection with the spin-off the Company s subsidiary, Straight Path Communications, Inc.
(2) Market value is computed by multiplying the closing market price of our Class B Common Stock on July 31, 2013 ($20.67) by the number of shares of restricted Class B Common Stock that had not vested as of July 31, 2013.
(3) All 1,491,579 of Howard Jonas unvested shares of restricted Class B Common Stock vest on December 31, 2013.
(4) All 15,000 of Mr. Fischer s unvested shares of restricted Class B Common Stock vest on July 1, 2015.
(5) 18,000 shares of restricted Class B Common Stock to vest on January 5, 2014 and 8,333 shares of restricted Class B Common Stock to vest on each of November 22, 2013 and November 22, 2014.
(6) 1,666 shares of restricted Class B Common Stock to vest on January 5, 2014 and 14,000 shares of restricted Class B Common Stock to vest on July 1, 2015.
(7) 18,000 shares of restricted Class B Common Stock to vest on January 5, 2014 and 17,500 shares of restricted Class B Common Stock to vest on July 1, 2015.

Option Exercises and Stock Vested

The following table sets forth information regarding the shares of restricted Class B Common Stock that vested for each of the Named Executive Officers in Fiscal 2013. There were no stock options exercised by Named Executive Officers in Fiscal 2013.

	Restricted Stock Awards		
Name	Number of Shares Acquired Upon Vesting (#)	Number of Shares Withheld to Cover Taxes	Value Realized on Vesting ($)[1]
Howard S. Jonas			$
Marcelo Fischer			$
Bill Pereira	26,334	10,086	$ 250,396
Menachem Ash	1,667	719	$ 16,220
Shmuel Jonas	18,000	6,865	$ 175,140

(1) The value of restricted stock realized upon vesting represents the total number of shares acquired on vesting (without regard to the amount of shares withheld to cover taxes) and is based on the closing price of the shares of Class B Common Stock on the vesting date.

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

Howard Jonas: Under the terms of the Second Revised Jonas Agreement, in the event of Howard Jonas death or disability, or in the event the Company terminates Howard Jonas employment without cause or Howard Jonas voluntarily terminates his employment with good reason, which includes a change in control : (i) the Company shall pay Howard Jonas estate a lump sum payment equal to twelve (12) months of Howard Jonas base salary (at the rate in effect on the date of his death) and (ii) any unvested Compensation Shares shall vest. Pursuant to the Second Revised Jonas Agreement, Howard Jonas has agreed not to compete with the Company for a period of one year following the termination of his agreement (other than termination of his employment for good reason or by the Company other than for cause). In the event that Howard Jonas is terminated for cause, the restrictions shall lapse on the pro-rata portion of the unvested Compensation Shares for the time served between January 1, 2009 and the date of termination.

Marcelo Fischer: On November 13, 2008, Mr. Fischer and the Company entered into a Confidential Release and Retention Agreement (the Fischer Agreement), pursuant to which the Company shall pay Mr. Fischer (or his estate) a severance payment of $550,000 in the event he is terminated without cause, as defined in the Fischer Agreement, or in the event of Mr. Fischer s death or disability. Mr. Fischer has agreed not to compete with the Company for a period of one year following the termination of his employment.

Bill Pereira: Under the terms of the Revised Pereira Agreement, in the event of Mr. Pereira s death, the Company shall pay Mr. Pereira s estate his base salary (at the rate in effect on the date of his death) for the greater of (i) the six month period following his death or (ii) the remainder of the term, not to exceed one year. If Mr. Pereira is terminated without cause , if he voluntarily terminates his employment with good reason, each as defined in the Revised Pereira Agreement, or if IDT Telecom, Inc. does not extend the term of the agreement upon its expiration, (i) he is entitled to payments over a six month period equal to the greater of (a) $850,000 or (b) Mr. Pereira s base salary (at the rate in effect on the date of termination) for the remainder of the term of the Revised Pereira Agreement and (b) all awards granted under the Company s incentive plan shall vest (and the restrictions thereon lapse). A change in control is deemed to be good reason under the Revised Pereira Agreement. Mr. Pereira has agreed not to compete with the Company for a period of one year following the termination of his agreement.

All Named Executive Officers: The Named Executive Officers have all been granted stock options and restricted stock pursuant to the Company s 2005 Stock Option and Incentive Plan, as amended and restated. Under such plan, in the event of change in control (other than a change in control which is also a corporate transaction), each as defined in the Company s 2005 Stock Option and Incentive Plan, as amended and restated, (i) each option award which is outstanding at the time of the change in control automatically becomes fully vested and exercisable, and (ii) each share of restricted stock is released from any restrictions on transfer and repurchase or forfeiture rights. All severance payments contingent on Named Executive Officers executing the Company s standard release agreement.

The following table sets forth quantitative information with respect to potential payments to be made to each of the Named Executive Officers upon termination in various circumstances and/or a change in control of the Company (each an Event), assuming the Event took place on July 31, 2013, using the closing price of the Company s Class B Common Stock on July 31, 2013 ($20.67). The potential payments are based on agreements entered into by Named Executive Officers with the Company and the 2005 Stock Option and Incentive Plan, as amended and restated, discussed above. The value of each restricted share is computed by multiplying the closing market price per share of the Company s Class B Common Stock on July 31, 2013 ($20.67) by the number of unvested shares of restricted stock held by the Named Executive Officer on that date. The value of each option is the profit that the Named Executive Officer would receive upon the vesting and exercise of the unvested stock options on July 31, 2013.

Name	Event of Death or Disability ($)	Change In Control ($)	Termination For Cause ($)	Voluntary Termination without Good Reason ($)	Termination Without Cause/Voluntary Termination for Good Reason ($)
Howard S. Jonas					
Restricted Shares	$ 30,830,938(1)	$ 30,830,938(1)	$ 22,093,460(2)		$ 30,830,938(1)
Severance	$ 50,000	$ 50,000			$ 50,000
Marcelo Fischer					
Restricted Shares		$ 310,050(3)			
Severance	$ 550,000				$ 550,000(4)
Bill Pereira					
Stock Options		$ 41,328(5)			$ 41,328(5)
Restricted Shares		$ 716,546(6)			$ 716,546(6)
Severance	$ 500,000(7)	$ 850,000			$ 850,000(8)
Menachem Ash					
Restricted Shares		$ 323,816(9)			
Severance					
Shmuel Jonas					
Restricted Shares		$ 733,785(10)			
Severance					

(1) Represents the accelerated vesting of 1,491,579 shares of restricted Class B Common Stock.
(2) Represents the accelerated vesting of 1,068,866 shares of restricted Class B Common Stock.
(3) Represents the accelerated vesting of 15,000 shares of restricted Class B Common Stock.
(4) If Mr. Fischer resigns for any reason, his severance payment would be $0.
(5) Represents the accelerated vesting of 5,166 options to purchase shares of Class B Common Stock.
(6) Represents the accelerated vesting of 34,666 shares of restricted Class B Common Stock.
(7) If Mr. Pereira becomes disabled, his severance payment would be $0.
(8) If the term of the Revised Pereira Agreement is not extended by IDT Telecom, Mr. Pereira will receive a payment of $850,000 over a six month period and immediate vesting of all equity grants
(9) Represents the accelerated vesting of 15,660 shares of restricted Class B Common Stock.
(10) Represents the accelerated vesting of 35,500 shares of restricted Class B Common Stock.

EQUITY COMPENSATION PLAN INFORMATION

Employee Stock Incentive Program

The Company has adopted the 2005 Stock Option and Incentive Plan, as amended and restated, pursuant to which options to purchase Class B Common Stock, shares of restricted Class B Common Stock and Deferred Stock Units have been awarded. The 2005 Stock Option and Incentive Plan, as amended and restated, is described further under Proposal No. 2 below. The Company anticipates awarding options to purchase Class B Common Stock, restricted Class B Common Stock and Deferred Stock Units to employees, officers, directors and consultants under such Plan.

Equity Compensation Plans and Individual Compensation Arrangements

The following chart provides aggregate information regarding grants under all equity compensation plans of the Company through July 31, 2013.

Plan Category	Number of Securities to be Issued upon Exercise of Outstanding Options(1)	Weighted-Average Exercise Price of Outstanding Options(2)	Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans(1)
Equity compensation plans approved by security holders	608,235	$ 16.58	582,712
Equity compensation plans not approved by security holders	33,332(3)	$ 21.83	
Total	641,567	$ 16.86	582,712

(1) Reflects all outstanding options exercisable for shares of Class B Common Stock as of July 31, 2011.

(2) These option prices were subsequently adjusted downward by 15.29% by the Compensation Committee in connection with the spin-off the Company s subsidiary, Straight Path Communications, Inc.

(3) Consists of options to purchase shares of Class B Common Stock with substantially similar terms and vesting provisions as options to purchase Class B Common Stock granted pursuant to the Company s 1996 Stock Option and Incentive Plan.

PROPOSAL REQUIRING YOUR VOTE

PROPOSAL NO. 1

ELECTION OF DIRECTORS

Pursuant to the Company s Third Restated Certificate of Incorporation, the authorized number of directors on the Board of Directors is between three and seventeen, with the actual number to be set, within that range, by the Board of Directors from time to time. The Board of Directors has set the number of directors on the Board of Directors at six. There are currently six directors on the Board of Directors. The current terms of all of the directors expire at the Annual Meeting. Five of the six directors are standing for re-election at the Annual Meeting. Lawrence Bathgate is not standing for re-election.

The nominees to the Board of Directors are Michael Chenkin, Eric F. Cosentino, Howard S. Jonas, Bill Pereira and Judah Schorr, each of whom has consented to be named in this proxy statement and to serve if elected. Each of the nominees is currently serving as a director of the Company. Brief biographical information about the nominees for directors is furnished below.

Each of these director nominees is standing for election for a term of one year until the 2014 Annual Meeting, or until his successor is duly elected and qualified or until his earlier resignation or removal. A majority of the votes cast at the Annual Meeting shall elect each director. Stockholders may not vote for more than five persons, which is the number of nominees identified herein. The following pages contain biographical information and other information about the nominees. Following each nominee s biographical information, we have provided information concerning particular experience, qualifications, attributes and/or skills that the Nominating Committee and the Board of Directors considered when determining that each nominee should serve as a director.

Michael Chenkin has been a director of the Company since October 16, 2013. Mr. Chenkin is a Certified Public Accountant and worked in the Audit Department of Coopers and Lybrand from 1974 to 1993 and as a consultant to the securities industry from 1993 to 2008 with an emphasis on business implementation, internal controls, compliance and regulatory matters for large financial institutions. Mr. Chenkin received a Bachelors of Science degree from Cornell University and a Masters in Business Administration from Columbia University.

Key Attributes, Experience and Skills:

Mr. Chenkin s diverse business experiences as a Certified Public Accountant working as an auditor for a large multi-national accounting firm for close to 20 years and consulting for large financial institutions for 15 years, offer valuable insights to the Board of Directors, particularly given the enhanced accounting rules and regulations affecting public companies. Mr. Chenkin s strong accounting background, as well as his M.B.A. from Columbia University, provides financial and audit-related expertise to the Board of Directors.

Eric F. Cosentino has been a director of the Company since February 2007. Rev. Cosentino has been a director of Zedge Holdings, Inc., a subsidiary of the Company, since September 2008 and a member of the National Association of Corporate Directors since March 2009. Rev. Cosentino served on IDT Entertainment s Board of Directors until it was sold to Liberty Media in 2006. Rev. Cosentino has been the Rector of the Episcopal Church of the Divine Love in Montrose, New York, since 1987. He began his ordained ministry in 1984 as curate (assistant) at St. Elizabeth s Episcopal Church in Ridgewood, Bergen County, New Jersey. He has also served on the Board of Directors of the Evangelical Fellowship Anglican Communion of New York. Rev. Cosentino has published articles and book reviews for The Episcopal New Yorker, Care & Community, and Evangelical Journal. Rev. Cosentino received a B.A. from Queens College and a M.Div. from General Theological Seminary, New York.

Key Attributes, Experience and Skills:

Rev. Cosentino has strong leadership skills, having served as the Rector of the Episcopal Church of the Divine Love in Montrose, New York, since 1987. As Chairman of the Company s Corporate Governance Committee, Rev. Cosentino has become well-versed in corporate governance issues by attending seminars and joining the National Association of Corporate Directors in March 2009. Rev. Cosentino s long tenure as a director of the Company and of its former subsidiary, IDT Entertainment, brings extensive knowledge of our Company to the Board.

Howard S. Jonas founded IDT in August 1990, and has served as Chairman of the Board of Directors since its inception. Mr. Jonas has served as Chief Executive Officer of the Company since October 2009 and from December 1991 until July 2001. Mr. Jonas served as President of the Company from December 1991 through September 1996, and as Treasurer of the Company from inception through 2002. Mr. Jonas serves as the Chairman of the Board of CTM Media Holdings, Inc., a former subsidiary of the Company that was spun off to stockholders in September 2009. Mr. Jonas has served as Chairman of the Board of Genie Energy Ltd., a former subsidiary of the Company that was spun off to stockholders in October 2011, and is now a public company whose shares are listed on the New York Stock Exchange. Mr. Jonas has also served as the Vice Chairman of the board of directors of IDT Telecom from December 1999 to April 2008 and as Co-Chairman since April 2008. Mr. Jonas served as Co-Chairman of the board of directors of IDT Entertainment from November 2004 until August 2006. From August 2006 until August 2011, Mr. Jonas served as a director of Starz Media Holdings, LLC, Starz Media, LLC and Starz Foreign Holdings, LLC, each of which is a subsidiary of Liberty Media Corporation. Mr. Jonas is also the founder and has been President of Jonas Media Group (formerly Jonas Publishing) since its inception in 1979. Mr. Jonas was the Chairman of the board of directors of Net2Phone from October 2001 to October 2004, the Vice Chairman of the board of directors of Net2Phone from October 2004 to June 2006, and has served as the Chairman of Net2Phone since June 2006. Mr. Jonas received a B.A. in Economics from Harvard University.

Key Attributes, Experience and Skills:

As founder of the Company and Chairman of the Board since its inception, Howard Jonas brings tremendous knowledge of all aspects of our Company and each industry in which it is involved to the Board. Howard Jonas service as Chief Executive Officer creates a critical link between management and the Board, enabling the Board to perform its oversight function with the benefits of management s perspectives on the businesses of the Company. In addition, having Howard Jonas on the Board provides our Company with effective leadership.

Bill Pereira has served as a member of the Company s Board of Directors and as the Chief Executive Officer, President and Co-Chairman of IDT Telecom since October 31, 2011. Mr. Pereira served as Chief Financial Officer of the Company from January 2009 until October 2011, and served as the Treasurer from January 2009 to December 2010. Previously, he served as Executive Vice President of Finance for the Company from January 2008 to January 2009. Mr. Pereira initially joined the Company in December 2001 when the Company bought Horizon Global Trading, a financial software firm where he was a managing partner. In February 2002, Mr. Pereira joined Winstar Communications, a subsidiary of the Company, as a Senior Vice President of Finance. Mr. Pereira was promoted to CFO of Winstar Communications, a position he held until 2006 when he was named a Senior Vice President of the Company responsible for financial reporting, budgeting and planning. Prior to joining the Company, Mr. Pereira worked for a number of companies in the financial sector, including Prudential Financial, SBC Warburg and UBS. Mr. Pereira received a B.S. from Rutgers University and an M.B.A. from the New York University Stern School of Business.

Key Attributes, Experience and Skills:

Mr. Pereira s history with the Company, particularly his nearly three-year tenure as Chief Financial Officer of the Company, brings extensive knowledge of the Company s business divisions. Mr. Pereira s financial background, coupled with his first-hand knowledge of the Company s financial reporting and internal audit process, provides financial expertise to the Board. Mr. Pereira s successful leadership of the Company s turn-around plan provides valuable insight to the Board.

Judah Schorr has been a director of the Company since December 2006. Dr. Schorr founded Judah Schorr MD PC in 1994, an anesthesia provider to hospitals, ambulatory surgery centers and medical offices, and has been its President and owner since its inception, as well as the President of its subsidiary, Tutto Anesthesia. Dr. Schorr is an attending physician at Anesthesia Services at Bergen Regional Medical Center, the largest hospital in the state of New Jersey, and the Managing Partner of Chavrusa Realty Corp., a commercial real-estate company in Long Island, New York. Dr. Schorr received his B.S. in Psychology from Brooklyn College and his M.D. from the University of Trieste Faculty of Medicine and Surgery in Italy.

Key Attributes, Experience and Skills:

Through Mr. Schorr s career as an entrepreneur driving the growth of Judah Schorr MD PC and Chavrusa Realty Corp., he has obtained valuable business and management experience and brings important perspectives on the issues facing the Company. Mr. Schorr s tenure as a member of the Board and its Compensation, Corporate Governance and Audit Committees brings useful compliance insights to the Board.

The Board of Directors has no reason to believe that any of the persons named above will be unable or unwilling to serve as a director, if elected.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE *FOR*

THE ELECTION OF THE NOMINEES NAMED ABOVE.

Directors, Director Nominees and Executive Officers

The executive officers, directors, director nominees and Named Executive Officers of the Company are as follows:

Name	Age	Position
Howard S. Jonas	57	Chief Executive Officer, Chairman of the Board of Directors, Director, Director Nominee and Named Executive Officer
Marcelo Fischer	46	Senior Vice President of Finance and Named Executive Officer
Bill Pereira	48	Director, Director Nominee, Chief Executive Officer and President of IDT Telecom, Inc. and Named Executive Officer
Shmuel Jonas	32	Chief Operating Officer and Named Executive Officer
Joyce J. Mason	54	Executive Vice President, General Counsel, Corporate Secretary
Mitch Silberman	45	Chief Accounting Officer and Controller
David Lando	70	Chief Technology Officer
Menachem Ash	41	Executive Vice President of Strategy and Legal Affairs and Named Executive Officer
Lawrence Bathgate	74	Director
Michael Chenkin	62	Director and Director Nominee
Eric F. Cosentino	56	Director and Director Nominee
Judah Schorr	61	Director and Director Nominee

Set forth below is biographical information with respect to the Company s current executive officers and named executive officers, except Howard S. Jonas and Bill Pereira, whose information is set forth above in Proposal No. 1:

Marcelo Fischer has served as the Company s Senior Vice President Finance (the Company s principal financial officer position) since October 31, 2011 and as Chief Financial Officer of IDT Telecom since June 2007. Mr. Fischer also served as the Company s Senior Vice President of Finance from March 2007 to June 2007. Mr. Fischer served as the Company s Chief Financial Officer and Treasurer from June 2006 to March 2007, as the Company s Controller from May 2001 until June 2006 and as Chief Accounting Officer from December 2001 until June 2006. Prior to joining the Company, Mr. Fischer was the Corporate Controller of Viatel, Inc. from 1999 until 2001. From 1998 through 1999, Mr. Fischer was the Controller of the Consumer International Division of Revlon, Inc. From 1991 through 1998, Mr. Fischer held various accounting and finance positions at Colgate-Palmolive Corporation. Mr. Fischer, a Certified Public Accountant, received a B.A. from the University of Maryland and an M.B.A. from the New York University Stern School of Business.

Shmuel Jonas has served as Chief Operating Officer of the Company since June 2010. Mr. Jonas joined the Company in June 2008 and served as a Vice President until June 2009 when he was elected to serve as the Company s Vice President of Operations. From 2004 to the present, Mr. Jonas has been the managing member of Arlington Suites, LLC, manager of a thirty million dollar mixed-use ground up development project in the Bronx, New York. From 2006 through 2008, Mr. Jonas was a partner in a 160-unit garden apartment complex in Memphis, Tennessee. Between 2004 and 2005, Mr. Jonas owned and operated various businesses in the food industry, including BID Distribution, a distributor and marketer of frozen desserts to grocery stores and food service operations.

Joyce J. Mason has served as an Executive Vice President of the Company since December 1998 and as General Counsel and Corporate Secretary of the Company from its inception. Ms. Mason also served as a director of the Company from its inception until December 2006. In addition, Ms. Mason is currently a director of Zedge Holdings, Inc., a subsidiary of the Company, and she also served as a director of IDT Telecom from December 1999 until May 2001 and as a director of Net2Phone from October 2001 until October 2004. Prior to joining the Company, Ms. Mason had been in private legal practice. Ms. Mason received a B.A. from the City University of New York and a J.D. from New York Law School.

Mitch Silberman has served as the Company s Chief Accounting Officer and Controller since June 2006. Mr. Silberman joined the Company in October 2002 as Director of Financial Reporting until his promotion to Assistant Controller in October 2003. Prior to joining the Company, Mr. Silberman was a senior manager at KPMG LLP, where he served in the firm s Biotechnology and Pharmaceutical practice. Prior to KPMG, Mr. Silberman worked for Grant Thornton LLP, serving in the firm s Telecommunications, Service and Technology practice. Mr. Silberman, a Certified Public Accountant, received a Bachelor of Science in Accounting from Brooklyn College.

David J. Lando has served as the Company s Chief Technology Officer (CTO) since September 2012. Dr. Lando has served as IDT Telecom s Executive VP, Technology and CTO since March 2007. From 2002 until 2006, he was the Chief Operating Officer of Net2Phone, an affiliate of the Company that was fully acquired by the Company in March 2006. Prior to joining Net2Phone, Dr. Lando was the Engineering VP of Bell Labs Lucent Technology. From October 1969 through December 2001, Dr. Lando held various research, development, management and executive positions in AT&T Microelectronics and Bell Labs. He also served as a board member of the Semiconductor Research Consortium and as the Chairman of NEMI (US National Electronic Manufacturing). Dr. Lando received a BA degree in Chemistry from Yeshiva University and MSc. & Ph.D. degrees in Physical chemistry from the University of Washington. He is also a graduate of the Harvard Graduate School of Business s Boston, Massachusetts Advanced Management Program.

Menachem Ash has served as the Company s Executive Vice President of Strategy and Legal Affairs since October 2012. Mr. Ash served as managing attorney of the Company s legal department from June 2011 to

October 2012. Mr. Ash has served as senior counsel to several IDT divisions since he joined the Company in July 2004, including IDT Telecom and IDT Carmel. Prior to joining the Company, Mr. Ash served as General Counsel to Telstar International, Inc., a telecommunications services provider. Mr. Ash also worked at KPMG as a senior associate in its tax group focusing on financial services and technology companies. He is a graduate of Brooklyn College and the Benjamin N. Cardozo School of Law. Mr. Ash left Telstar International, Inc. in July 2004. Telstar International, Inc. filed for bankruptcy on September 24, 2004.

Relationships among Directors or Executive Officers

Mr. Howard S. Jonas and Ms. Joyce J. Mason are brother and sister. Mr. Howard Jonas and Mr. Shmuel Jonas are father and son. Ms. Joyce J. Mason and Mr. Shmuel Jonas are aunt and nephew. There are no other familial relationships among any of the directors or executive officers of the Company.

PROPOSAL NO. 2

APPROVAL OF AMENDMENT TO THE COMPANY S 2005 STOCK OPTION AND INCENTIVE PLAN, AS AMENDED AND RESTATED

The Company s stockholders are being asked to approve an amendment to the Company s 2005 Stock Option and Incentive Plan, as amended and restated (the 2005 Plan) that will decrease annual non-employee director grant of shares of restricted Class B Common Stock from 4,166 to 4,000 for Board of Director service and will eliminate the annual non-employee director grant of 4,166 shares of restricted Class B Common Stock for committee service. The Board of Directors adopted the proposed amendment on October 16, 2013, subject to stockholder approval at the Annual Meeting.

The Board of Directors believes that, given changes in the composition of the Company, including the spin-offs of Genie and SPCI and the current value of the Company s capital stock make the proposed decreased number of shares in the annual grant appropriate and sufficient to attract and retain the services of directors of the Company. In addition, the Board believes that the reduced figure commensurate with that paid to non-employee directors by similarly-situated companies.

The proposed amendment is being submitted for a stockholder vote in order to enable the Company to grant, among other equity grants permitted pursuant to the 2005 Plan, options which are incentive stock options (ISOs) within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the Code); and because such approval may be required or advisable in connection with (i) the provisions set forth in Section 162(m) of the Code relating to the deductibility of certain compensation (ii) the provisions set forth in Rule 16b-3 promulgated under the Exchange Act and (ii) the rules and regulations applicable to New York Stock Exchange-listed companies.

The following description of the 2005 Plan, as proposed to be amended by this Proposal, is a summary, does not purport to be complete and is qualified in its entirety by the full text of the 2005 Plan, as proposed to be amended. A copy of the 2005 Plan, as proposed to be amended, is attached hereto as Exhibit A and has been filed with the SEC with this Proxy Statement.

DESCRIPTION OF THE 2005 PLAN

Pursuant to the 2005 Plan, officers, employees, directors and consultants of the Company and certain of its subsidiaries are eligible to receive awards of stock options, stock appreciation rights, limited stock appreciation rights, restricted stock and deferred stock units. There are approximately 1,320 employees and directors eligible for grants under the Plan. Options granted under the 2005 Plan may be ISOs or non-qualified stock options (NQSOs). Stock appreciation rights (SARs) and limited stock appreciation rights (LSARs) may be granted either alone or simultaneously with the grant of an option. Restricted stock and deferred stock units may be granted in addition to or in lieu of any other award made under the 2005 Plan.

The maximum number of shares reserved for the grant of awards under the 2005 Plan is 5,301,666 shares of Class B Common Stock, of which 587,412 shares of Class B Common Stock are available for issuance. Such share reserves are subject to further adjustment in the event of specified changes to the capital structure of the Company. The shares may be made available either from the Company s authorized but unissued capital stock or from capital stock reacquired by the Company.

The Compensation Committee of the Board of Directors administers the 2005 Plan. Subject to the provisions of the 2005 Plan, the Compensation Committee determines the type of awards, when and to whom awards will be granted, the number and class of shares covered by each award and the terms, provisions and kind of consideration payable (if any), with respect to awards. The Compensation Committee may interpret the 2005 Plan and may at any time adopt such rules and regulations for the 2005 Plan as it deems advisable, including the delegation of certain of its authority. In determining the persons to whom awards shall be granted and the number of shares covered by each award, the Compensation Committee takes into account the duties of the respective persons, their present and potential contributions to the success of the Company and such other factors as the Compensation Committee deems relevant.

An option may be granted on such terms and conditions as the Compensation Committee may approve, and generally may be exercised for a period of up to ten years from the date of grant. Generally, ISOs will be granted with an exercise price equal to the Fair Market Value (as defined in the 2005 Plan) on the date of grant. In the case of ISOs, certain limitations will apply with respect to the aggregate value of option shares which can become exercisable for the first time during any one calendar year, and certain additional limitations will apply to ISOs granted to Ten Percent Stockholders of the Company (as defined in the 2005 Plan). The Compensation Committee may provide for the payment of the option price in cash, by delivery of Class B Common Stock having a Fair Market Value equal to such option price, by a combination thereof or by any other method. Options granted under the 2005 Plan will become exercisable at such times and under such conditions as the Compensation Committee shall determine, subject to acceleration of the exercisability of options in the event of, among other things, a Change in Control, a Corporate Transaction or a Related Entity Disposition (in each case, as defined in the 2005 Plan).

Subject to the approval of the stockholders of this Proposal No. 2, each non-employee director will receive 4,000 shares of Class B Common Stock annually. New non-employee directors will receive a pro-rata amount (based on projected quarters of service for such calendar year following the grant date) of such annual grant on their date of initial election and qualification as a non-employee director. The grant date for incumbent annual non-employee director grants will be each January 5 (or the next business day).

The 2005 Plan also provides for the granting of restricted stock awards, which are awards of Class B Common Stock that may not be disposed of, except by will or the laws of descent and distribution, for such period as the Compensation Committee determines (the restricted period). The Compensation Committee may also impose such other conditions and restrictions, if any, on the shares as it deems appropriate, including the satisfaction of performance criteria. All restrictions affecting the awarded shares lapse in the event of a Change in Control, a Corporate Transaction or a Related Entity Disposition.

During the restricted period for a restricted stock award, the grantee will be entitled to receive dividends with respect to, and to vote, the shares of restricted stock awarded to him or her. If, during the restricted period, the grantee s service with the Company terminates, any shares remaining subject to restrictions will be forfeited. The Compensation Committee has the authority to cancel any or all outstanding restrictions prior to the end of the restricted period, including cancellation of restrictions in connection with certain types of termination of service.

The 2005 Plan also permits the Compensation Committee to grant SARs and/or LSARS. Generally, SARs may be exercised at such time or times and only to the extent determined by the Compensation Committee and LSARs may be exercised only (i) during the 90 days immediately following a Change in Control or (ii) immediately prior to the effective date of a Corporate Transaction (as defined in the 2005 Plan). LSARs will be exercisable at such time or times and only to the extent determined by the Compensation Committee. An LSAR granted in connection with an ISO is exercisable only if the Fair Market Value per share of Class B Common Stock on the date of grant exceeds the purchase price specified in the related ISO.

Upon exercise of an SAR, a grantee will receive for each share for which an SAR is exercised, an amount in cash or Class B Common Stock, as determined by the Compensation Committee, equal to the excess, if any, of (i) the Fair Market Value of a share of Class B Common Stock on the date the SAR is exercised, over (ii) the exercise or other base price of the SAR or, if applicable, the exercise price per share of the option to which the SAR relates.

Upon exercise of an LSAR, a grantee will receive for each share for which an LSAR is exercised, an amount in cash equal to the excess, if any, of (i) the greater of (x) the highest Fair Market Value of a share of Class B Common Stock, during the 90-day period ending on the date the LSAR is exercised, and (y) whichever of the following is applicable: (1) the highest per share price paid in any tender or exchange offer which is in effect at any time during the 90 days ending on the date of exercise of the LSAR; (2) the fixed or formula price for the acquisition of shares of Class B Common Stock in a merger in which the Company will not continue as the surviving corporation, or upon a consolidation, or a sale, exchange or disposition of all or substantially all of the Company s assets, approved by the Company s stockholders (if such price is determinable on the date of exercise); and (3) the highest price per share of Class B Common Stock shown on Schedule 13D, or any amendment thereto, filed by the hold