TC97-036

TC97-036

DOCKET NO.

In the Matter of IN THE MATTER OF THE APPLICATION OF IDT CORPORATION FOR A CERTIFICATE OF AUTHORITY TO PROVIJE TELECOMMUNICATIONS SERVICES IN SOUTH DAKOTA

Public Utilities Commission of the State of South Dakota

DATE		MEMORANDA
4/11	97	Filed and Docketed;
4/17	97	TC for Filing;
5/12	97	Received Certificate of Authority from Secretary of State;
[illegible]/24	98	Letter Withdrawing its Application for a Cert. of Authority;
11/4	98	Order Closing Docket.
11/6	98	Docket Closed

TC97-036

RECEIVED

APR 1997

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

Lance J.M. Steinhart
Attorney At Law
6455 East Johns Crossing
Suite 285
Duluth, Georgia 30155

Also Admitted in New York and Maryland

Telephone: (770) 232-9200
Facsimile: (770) 232-9208

April 1, 1997

VIA FEDERAL EXPRESS

Mr. William Bullard
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501-5070
(605) 773-3201

Re: IDT Corporation

Dear Mr. Bullard:

Enclosed please find one original and ten (10) copies of IDT Corporation's Application for Registration of a Telecommunications Company.

Please note that Exhibit A, the Certificate of Authority from the Secretary of State, is not attached. We have applied for the certificate and will forward a copy to the commission upon receipt.

In order to expedite the processing of this application, I would like to suggest that all requests for information by the analyst be made by either telephone or facsimile. I will make every effort to respond on the day of the request.

I have also enclosed a check in the amount of $250.00 payable to the "South Dakota Public Utilities Commission" for the filing fee, and an extra copy of this cover letter to be date stamped and returned to me in the enclosed self-addressed prepaid envelope.

If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me.

Respectfully submitted,

Lance J.M. Steinhart

Attorney for IDT Corporation

Enclosures
cc: Mr. James Courter
LJS/afs

TC97-036

**APPLICATION FOR REGISTRATION
OF IDT CORPORATION
FILED WITH THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION**

IN THE MATTER OF THE APPLICATION OF IDT CORPORATION FOR AN ORDER authorizing the registration of applicant as a telecommunications company	))))))))	Docket No.__________

APPLICATION

Application is hereby made to the South Dakota Public Utilities Commission for an Order authorizing IDT Corporation ("Applicant") to register as a telecommunications company within the State of South Dakota. The following information is furnished in support thereof:

1. **Name, Address and Telephone Number of Applicant**

IDT Corporation
294 State Street
Hackensack, New Jersey 07601
(201) 928-1000

All inquiries regarding complaints and regulatory matters should be addressed to:

Lance J.M. Steinhart, Esq.
6455 East Johns Crossing
Suite 285
Duluth, Georgia 30155
(770) 232-9200

2. **Registered Agent**

The name and address of the Applicant's registered agent are:

CT Corporation System
319 South Coteau Street
Pierre, South Dakota 57501

3. **Description of the Applicant**

Applicant was incorporated under the laws of the State of Delaware on December 22, 1995 as a wholly-owned subsidiary of International Discount Telecommunications, Corp. ("IDT New York"). IDT New York was incorporated under the laws of the state of New York on August 28, 1990. On March 14, 1996, in order to effect IDT New York's Reincorporation in Delaware, IDT New York was merged into the Applicant. Applicant has been in the telecommunications industry since inception. Applicant has applied for authority to transact business as a foreign corporation in the State of South Dakota and will file a copy of its Certificate of Authority as Exhibit A upon receipt. Copies of the Applicant's Certificate of Incorporation and the Certificate of Merger are attached as Exhibit B hereto.

4. **Facilities**

Applicant does not own or maintain any transmission facilities or switching equipment in the State of South Dakota. The Applicant will provide services through LDDS/Worldcom, its underlying carrier.

5. **Stockholders**

The names and addresses of the three (3) stockholders of Applicant which own the greatest number of shares of common stock and the number of shares owned by each are as follows:

Name and Address	Shares Owned	Percentage of all Shares Issued and Outstanding and Voting Control
Howard S. Jonas 294 State Street Hackensack, NJ 07601	11,174,330	53.6%
David S. Steiner c/o The Sudler Companies 75 Eisenhower Parkway Roseland, 07068	1,252,000	6%
Howard S. Balter 294 State Street Hackensack, NJ 07601	552,920	2.7%

6. **Officers and Directors**

The names and addresses of the officers and directors of Applicant are as follows:

Howard S. Jonas, CEO/Treasurer/Director
294 State Street
Hackensack, New Jersey 07601

Mark E. Knoller, Vice President/Director
294 State Street
Hackensack, New Jersey 07601

Howard S. Balter, COO/Director
294 State Street
Hackensack, New Jersey 07601

James A. Courter, President/Director
294 State Street
Hackensack, New Jersey 07601

Stephen R. Brown, CFO/Director
294 State Street
Hackensack, New Jersey 07601

Joyce J. Mason, Secretary/Director
294 State Street
Hackensack, New Jersey 07601

Other Directors:
Meyer A. Berman
J. Warren Blaker
David S. Steiner
Bert W. Wasserman
All of the above can be reached through Applicant's address and phone number.

7. Corporate Ownership

The name and address of any corporation, association or similar organization holding a five percent (5%) or greater ownership in the Applicant is as follows:

None

8. Subsidiaries owned or controlled by Applicant

IDT America, Corp.
IDT International Corp.
IDT Internet Services, Inc.
Internet Online Services, Inc.
Media Response, Inc.
New World Telecommunications, Corp.
Shmuelco Equipment Corp.
Phone Depot, Inc.

9. Description of Services

Applicant is a switchless reseller which intends to offer 1+ direct dialing, 800 toll free, travel card, and prepaid calling card service through the resale of telephone services provided by facilities-based interexchange carriers. As a reseller, Applicant has no points of presence in the State of South Dakota, thus Applicant neither owns, leases, nor operates any switching, transmission, or other physical facilities in the State of South Dakota, and no such facilities will be used by Applicant in providing service in the State of South Dakota. Rather, Applicant will be engaged in reselling services provided by facilities-based carriers within the State of South Dakota. Upon receiving certification, Applicant intends to provide services throughout the State of South Dakota.

Applicant intends to provide these services to customers on a jurisdictionally interstate basis subject to the FCC's jurisdiction and Applicant intends to provide these services on jurisdictionally intrastate basis pursuant to certification, registration or tariff requirements, or on an unregulated basis, in all fifty states, subject to the jurisdiction of various public service and utilities commissions. Applicant is currently in the process of obtaining all required authorizations from the FCC and the state regulatory agencies.

Applicant intends to provide high quality service, with an industry standard blocking rate less than P.01. Its services will be available on a full-time basis, twenty-four hours a day, seven days a week, to customers within the geographic boundaries of the State of South Dakota.

10. Financial Qualifications

Applicant is financially qualified to provide intrastate interexchange telecommunications services within South Dakota. In particular, Applicant has adequate access to the capital necessary to fulfill any obligations it may undertake with respect to the provision of intrastate telecommunications services in the State of South Dakota. See Exhibit C which is attached hereto, Applicant's Form 10 Qs for the quarters ended October 31, 1996 and January 31, 1997 respectively, which contain Applicant's most recent Financial Statements.

11. Tariff

A copy of Applicant's proposed tariff is attached as Exhibit D hereto.

12. Prior Certification

Applicant's predecessor corporation, IDT New York, was granted a Certificate of Authority to Conduct Business as a Telecommunications Company Within the State of South Dakota by the Commission on August 22, 1994, in Docket TC94-060. IDT New York's Certificate was revoked on August 9, 1996 for failure to file an Annual Report. Applicant has contracted with outside service vendors to assist the company with its ongoing compliance requirements.

WHEREFORE, the undersigned Applicant requests that the South Dakota Public Utilities Commission enter an order granting this application.

DATED this 1st day of April, 1997.

IDT Corporation

By: ______________________

Lance J.M. Steinhart

Its Attorney
6455 East Johns Crossing
Suite 285
Duluth, Georgia 30155
(770) 232-9200
(770) 232-9208 (Fax)

STATE OF NEW JERSEY

COUNTY OF BERGEN

James Courter, being first duly sworn, deposes and says that he is the President of IDT Corporation, the Applicant in the proceeding entitled above, that he has read the foregoing application and knows the contents thereof; that the same are true of his knowledge, except as to matters which are therein stated on information or belief, and to those matters he believes them to be true.

James Courter

Subscribed and sworn to before this 1st day of April, 1997.

Notary Public
Attorney for the State of New Jersey
My Commission expires: 4/8/98

SD

LIST OF EXHIBITS

A - CERTIFICATE OF AUTHORITY

B - ARTICLES OF INCORPORATION

C - FINANCIAL STATEMENTS

D - PROPOSED TARIFF

EXHIBIT A - CERTIFICATE OF AUTHORITY

EXHIBIT B - ARTICLES OF INCORPORATION

NEXT

DOCUMENT (S)

DISREGARD

BACKGROUND

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "IDT CORPORATION", FILED IN THIS OFFICE ON THE TWENTY-SECOND DAY OF DECEMBER, A.D. 1995, AT 12:05 O'CLOCK P.M.

Edward J. Freel, Secretary of State

2564284 8100

960231914

AUTHENTICATION: 8060664

DATE: 08-08-96

SENT BY:SKADDEN ARPS DE ;12-22-95 ; 1:33PM ; SKADDEN→SOSIMG FAX GATEWAY 1;# 2

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 12:05 PM 12/22/1995
950305520 - 2564284

CERTIFICATE OF INCORPORATION

OF

IDT CORPORATION

FIRST: The name of the Corporation is IDT Corporation (hereinafter the "Corporation").

SECOND: The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle. The name of its registered agent at that address is The Corporation Trust Company.

THIRD: The purpose of the Corporation is to engage in any lawful act or activity for which a corporation may be organized under the General Corporation Law of the State of Delaware as set forth in Title 8 of the Delaware Code (the "GCL").

FOURTH: The total number of shares of stock which the Corporation shall have authority to issue is 1,000 shares of Common Stock, each having a par value of one penny ($.01).

FIFTH: The name and mailing address of the Sole Incorporator is as follows:

Deborah M. Reusch
P.O. Box 636
Wilmington, DE 19899

SIXTH: The following provisions are inserted for the management of the business and the conduct of the affairs of the Corporation, and for further definition, limitation and regulation of the powers of the Corporation and of its directors and stockholders:

(1) The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors.

(2) The directors shall have concurrent power with the stockholders to make, alter,

amend, change, add to or repeal the By-Laws of the Corporation.

(3) The number of directors of the Corporation shall be as from time to time fixed by, or in the manner provided in, the By-Laws of the Corporation. Election of directors need not be by written ballot unless the By-Laws so provide.

(4) No director shall be personally liable to the Corporation or any of its stockholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) pursuant to Section 174 of the Delaware General Corporation Law or (iv) for any transaction from which the director derived an improper personal benefit. Any repeal or modification of this Article SIXTH by the stockholders of the Corporation shall not adversely affect any right or protection of a director of the Corporation existing at the time of such repeal or modification with respect to acts or omissions occurring prior to such repeal or modification.

(5) In addition to the powers and authority hereinbefore or by statute expressly conferred upon them, the directors are hereby empowered to exercise all such powers and do all such acts and things as may be exercised or done by the Corporation, subject, nevertheless, to the provisions of the GCL, this Certificate of Incorporation, and any By-Laws adopted by the stockholders; provided, however, that no By-Laws hereafter adopted by the stockholders shall invalidate any prior act of the directors which would have been valid if such By-Laws had not been adopted.

<u>SEVENTH</u>: Meetings of stockholders may be held within or without the State of Delaware, as the By-Laws

may provide. The books of the Corporation may be kept (subject to any provision contained in the GCL) outside the State of Delaware at such place or places as may be designated from time to time by the Board of Directors or in the By-Laws of the Corporation.

EIGHTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred upon stockholders herein are granted subject to this reservation.

NINTH: The Corporation elects not to be governed by Section 203 of the GCL.

I, THE UNDERSIGNED, being the Sole Incorporator hereinbefore named, for the purpose of forming a corporation pursuant to the GCL, do make this Certificate, hereby declaring and certifying that this is my act and deed and the facts herein stated are true, and accordingly have hereunto set my hand this 22nd day of December, 1995.

Deborah M. Reusch
Sole Incorporator

State of Delaware

Office of the Secretary of State

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF MERGER, WHICH MERGES:

"INTERNATIONAL DISCOUNT TELECOMMUNICATIONS, CORP.", A NEW YORK CORPORATION,

WITH AND INTO "IDT CORPORATION" UNDER THE NAME OF "IDT CORPORATION", A CORPORATION ORGANIZED AND EXISTING UNDER THE LAWS OF THE STATE OF DELAWARE, AS RECEIVED AND FILED IN THIS OFFICE THE FOURTEENTH DAY OF MARCH, A.D. 1996, AT 9:45 O'CLOCK A.M.

Edward J. Freel, Secretary of State

2564284 8100M

960231914

AUTHENTICATION: 8060653

DATE: 08-08-96

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 09:45 AM 03/14/1996
960073958 - 2564284

CERTIFICATE OF MERGER
OF
INTERNATIONAL DISCOUNT TELECOMMUNICATIONS, CORP.
INTO
IDT CORPORATION

Pursuant to Section 252 of the General Corporation Law of the State of Delaware

---

IDT Corporation, a Delaware corporation, does hereby certify:

FIRST: The names and states of incorporation of the constituent corporations to this merger are as follows:

International Discount Telecommunications, Corp.	- New York
IDT Corporation	- Delaware

SECOND: An Agreement of Merger has been approved, adopted, certified, executed and acknowledged by each of the constituent corporations in accordance with Section 252(c) of the General Corporation Law of the State of Delaware.

THIRD: The name of the corporation surviving the merger is IDT Corporation.

FOURTH: The Certificate of Incorporation of IDT Corporation shall be the Certificate of Incorporation of the surviving corporation.

FIFTH: The executed agreement of merger is on file at the principal place of business of the surviving corporation, 294 State Street, Hackensack, New Jersey 07601. A copy will be provided, upon request and without cost, to any stockholder of either constituent corporation.

SIXTH: The authorized capital stock of International Discount Telecommunications, Corp. consists of 1,000 shares of common stock each without par value.

IN WITNESS WHEREOF, IDT Corporation has caused this Certificate of Merger to be executed in its corporate name this 7th day of March, 1996.

IDT Corporation

By: Howard S. Jonas
Name: Howard S. Jonas
Title: President and Chief Executive Officer

EXHIBIT C - FINANCIAL STATEMENTS

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

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
for the Quarterly Period Ended October 31, 1996

or

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

Commission File Number 0-27898

IDT CORPORATION

(Exact name of Registrant as specified in its Charter)

Delaware	22-3415036
(State or other jurisdiction of incorporation or organization)	(I.R.S Employer Identification No.)
294 State Street, Hackensack, New Jersey	07601
(Address of principal executive office)	(zip code)

(201) 928-1000
(Registrant's telephone number, including area code)

Not Applicable
(Former name, former address and former fiscal year, if changed since last report date)

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

Common Stock, $.01 par value -- 9,666,900 shares as of December 13, 1996
Class A Common Stock, $.01 par value--11,174,330 shares as of December 13, 1996
(Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date)

Exhibit Index appears on page 16

IDT CORPORATION

Table of Contents

PART I FINANCIAL INFORMATION
ITEM 1 FINANCIAL STATEMENTS

IDT CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

	October 31, 1996 (unaudited)	July 31, 1996 (Note 1)
ASSETS		
Current assets		
Cash and cash equivalents	$ 9,191,237	$14,893,756
Short-term investments	957,108	--
Accounts Receivable (Net)	12,594,978	11,497,565
Other current assets	3,249,685	4,110,090
Total current assets	25,993,008	30,501,411
Property and equipment, net	20,515,693	12,453,330
Other assets	2,133,258	842,630
Total assets	$48,641,959	$43,797,371
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	$ 8,202,132	$ 7,778,860
Accrued expenses	7,514,495	7,770,334
Deferred revenue	1,905,993	983,496
Notes payable & current portion of long-term debt and capital lease obligations	1,596,090	---
Other current liabilities	408,333	422,005
Total current liabilities	19,627,043	16,954,695
Long-term debt and capital lease obligations	5,278,883	---
Commitments and contingencies	----	---
Total liabilities	24,905,926	16,954,695
Stockholders' equity		
Preferred stock, $.01 par value; authorized shares-10,000,000; no shares issued	---	---
Common stock, $.01 par value; authorized shares-100,000,000; 9,666,900 shares issued and outstanding	96,669	96,669
Class A stock, $.01 par value; authorized shares-35,000,000; 11,174,330 shares issued and outstanding	111,743	111,743
Additional paid in capital	44,746,841	44,746,841
Accumulated deficit	(21,219,220)	(18,112,5[illegible]7)
Total stockholders' equity	23,736,033	26,842,676
Total liabilities and stockholders' equity	$48,641,959	$43,797,371

See notes to condensed consolidated financial statements

IDT CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three months ended October 31, 1996	1995
Revenues	$28,317,671	$ 6,600,818
Costs and expenses:		
Direct cost of revenues	18,012,801	4,172,712
Selling, general, and administrative	12,597,679	3,953,483
Depreciation	963,433	130,755
Total costs and expenses	31,573,913	8,256,950
Loss from operations	(3,256,[illegible])	(1,656,132)
Interest and other, net	149,599	[illegible]
Net loss	$(3,10[illegible])	$(1,653,315)
Net loss per share	($0.15)	($0.10)
Weighted average number of shares used in calculation of earnings per share	20,841,230	16,569,292

See notes to condensed consolidated financial statements

IDT CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Three months ended October 31, 1996	1995
Cash provided by (used in) operating activities	($4,820,559)	$ 240,652
Investing activities		
Payment for purchase of Yovelle, net of cash acquired	376,843	--
Purchase of short-term investments	(757,108)	--
Receipt of payment on advance	1,500,000	--
Payment for the purchase of ICS assets	(2,250,000)	--
Purchase of property and equipment	(4,122,656)	(835,546)
Net cash used in investing activities	(5,252,921)	(835,546)
Financing activities		
Repayment of loans	(374,286)	(5,001)
Repayments of capital lease obligation	(4,753)	--
Proceeds from loans	4,750,000	450,000
Net cash provided by financing activities	4,370,961	444,999
Net decrease in cash & cash equivalents	(5,702,519)	(149,895)
Cash & cash equivalents, beginning of period	14,893,756	231,592
Cash & cash equivalents, end of period	$ 9,191,237	$ 81,697
Supplemental disclosures of cash flow information		
Interest paid	$ 48,410	--
Income taxes paid	--	--

See notes to condensed consolidated financial statements.

IDT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of IDT Corporation and Subsidiaries (collectively "the Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information a [illegible] generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three months ended October 31, 1996 are not necessarily indicative of the results that may be expected for the year ending July 31, 1997. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's annual report on Form 10-K for the year ended July 31, 1996 as filed with the Securities and Exchange Commission.

Note 2 - Property and Equipment

Property and equipment consists of the following:

	October 31, 1996	July 31, 1996
Equipment	$18,827,522	$10,661,941
Computer software	2,527,282	1,971,018
Leasehold improvements	439,515	296,718
Furniture and fixtures	1,209,457	1,176,867
Automobile	21,650	--
Property and improvements	106,914	--
	23,132,340	14,106,544
Less: Accumulated depreciation and amortization	(2,616,647)	(1,653,214)
	$20,515,693	$12,453,330

Note 3 - Acquisitions

During the quarter ended October 31, 1996, the Company purchased the equipment and networks of two of its alliance partners for approximately $4.4 million of which the Company issued two promissory notes totaling $1,440,000. In addition, to pay a portion of the purchase price the Company borrowed $2,250,000 in a four year note with interest only payments for the first six months at 11% per annum and 42 equal monthly payments of principal and interest at 14% per annum and convertible into Common Stock at the lower of $14 or the market price at the date of conversion per share at the option of the holder after nine months of issuance.

In August 1996, the Company purchased all of the issued and outstanding stock of Yovelle Renaissance Corporation, who owns the GENIE online service, for cash of $200,000 which is due and payable in December 1996. The purchase price included assumption of a note payable of $750,000 to GE Information Services, due by December 15, 1996 and resulted in the recording of Goodwill of $1,372,289 which is included in other assets and is being amortized over forty years.

Note 4 - Loans payable and capital lease obligations

During the quarter ended October 31, 1996, the Company borrowed $6,190,000 consisting of four interest bearing notes collateralized by certain equipment owned by the Company and with terms ranging from twenty-four months to forty-eight months.

One note of $2,250,000 can be converted into Common Stock at the option of the holder.

The Company also entered into three capital lease arrangement to acquire computer and communications related equipment totaling approximately $314,000 in aggregate with terms ranging from twenty-four months to thirty-six months and collateralized by the equipment.

Note 5 - Legal Proceedings and Contingencies

IDT has received an inquiry from a state Attorney General's office, in which several states are participating, concerning IDT's advertising and marketing practices. IDT is cooperating with the Attorneys General in this investigation and has met with representatives of the offices involved. The parties are currently working toward a resolution of this matter and IDT believes that the outcome will not have a material effect on the ongoing business of the Company.

On December 29, 1995, DRTV, Inc. a/k/a Surfers Unlimited, L.L.C. ("Surfers") filed a breach of contract action in the New Jersey Superior Court, Bergen County. The suit names the Company as defendant and seeks restitutional and consequential damages in an unspecified amount for licensing the sale of a product in the retail market to a third party allegedly in violation of the agreement between the Company and Surfers. The Company has filed a counterclaim. The Company and Surfers have had settlement discussion, however, the Company does not believe that a settlement of this matter is imminent.

On June 19, 1996, the Business Software Alliance ("BSA") in correspondence with the Company alleged that the Company has made unlicensed internal use of certain third party software. The Company has agreed to conduct an internal software audit and is in negotiations with BSA to settle this matter. Although there can be no assurance, the Company believes that the outcome will not have a material adverse effect on the ongoing business of the Company.

The Company recently has been served with a third party complaint in a pending action between The New York Times Company and Independent Media Services, Inc. ("IMS"). In the third party complaint, IMS alleges non-payment of media services fees and print advertisement fees. The claim against the Company is for approximately $300,000. An answer has not yet been filed and an assessment of potential liability is not possible at this time.

The Company received correspondence from a stockholder of 575,000 shares of Common Stock with the right to require the Company to register his shares for sale in a public offering. The Company asserted its right to delay or suspend such registration for a limited time under specified circumstances. The stockholder has stated his belief that the Company has no such right and that the Company and Howard Jonas, its Chairman and Chief Executive Officer, will be held responsible for any loss suffered by such stockholder from a decline in the market price of the stock or other losses resulting from the delay in registering his shares. Although the Company believes it has valid defenses to the stockholder's claims, there can be no assurance as to the outcome of this matter.

The Company is subject to other legal proceedings and claims which have arisen in the ordinary course of its business and have not been finally adjudicated. Although there can be no assurance, the opinion of management is that settlement of these actions, when ultimately concluded, will not have a material adverse effect on results of operations, cash flows or the financial condition of the Company.

ITEM 2

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

The following information should be read in conjunction with the accompanying condensed consolidated financial statements and the associated notes thereto of this Quarterly Report, and the audited consolidated financial statements and the notes there to and Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company contained in the Company's Annual Report on Form 10-K for the year ended July 31, 1996, as filed with the Securities and Exchange Commission.

Overview

IDT is an international telecommunications company offering a broad range of competitively priced long-distance telephone, and Internet access services in the U.S. and abroad and recently began offering Internet telephony services.

The Company entered the international call reorigination business in 1990 to capitalize on the opportunity created by the spread between U.S. and foreign-originated international long-distance telephone rates. IDT leveraged the expertise derived from, and calling volume generated by, its call reorigination business to enter the domestic long-distance business in late 1993, by reselling long-distance telecommunications services of other carriers to IDT's domestic customers. As a value-added service for its domestic long-distance customers, the Company began offering Internet access in early 1994, eventually offering dial-up and dedicated Internet access to individuals and businesses as stand-alone services. In 1995, IDT began reselling to other long-distance carriers access to the favorable telephone rates and special tariffs the Company receives because of the calling volume generated by its call reorigination customers. In August 1996, IDT entered the internet telephony market with its introduction of Net2Phone.

Revenues from the Company's telecommunications operations are derived primarily from the following activities: (i) international long-distance call reorigination services, (ii) international direct-dial services for individuals and businesses, (iii) resale of long-distance minutes to other long-distance carriers, and (iv) marketing to individuals and businesses of domestic long-distance services provided by WorldCom. Revenues from the Company's Internet operations are derived from providing Internet access services to individuals and businesses.

The Company's Internet access service revenues depend primarily on the number of subscribers to the Company's services and the types of accounts subscribed for. Revenues from monthly subscribers have substantially increased over the last year as a result of significant increases in the Company's subscriber base. The Company believes this growth has resulted from greater public awareness and acceptance of the Internet in general, an increase in the number of POPs servicing the Company's clients, increased marketing and advertising and an attractive Internet access package offered by the Company. The Company's Alliance Program has facilitated its rapid POP expansion, which allows the Company to offer local access in more geographic areas, thereby enhancing its ability to expand its subscriber base.

The Company also has a direct connect Internet access service that is marketed to businesses that typically require high-speed dedicated circuits from customer premises to a Company or alliance partner POP. The Company charges subscribers using 56Kbps lines approximately $350 per month and subscribers utilizing full T1 lines approximately $1,400 per month for direct connect service. As of October 31, 1996, the Company had 267 direct connect subscribers.

The Company began offering premium services to its subscribers in April 1996, and has experienced a trend towards an increase in the percentage of new customers subscribing for Premium Accounts. However, there can be no assurance that this trend will continue. As the Company has expanded and continues to expand its nationwide network of POPs and leased lines, it expects to maintain an increasingly greater percentage of its customer base on Company-owned POPs, while reducing its dependence on alliance partners. However, there can be no assurance that this trend will continue.

The Company's ability to achieve revenue growth and profitability is dependent upon its ability to acquire and retain customers. To continue to realize subscriber growth, the Company must continue to attract additional subscribers and replace terminating subscribers. The sales and marketing expenses and subscriber acquisition costs associated with attracting new subscribers, however, are substantial. Accordingly, the Company's ability to improve operating margins will depend in part on its ability to retain its subscribers and there can be no assurances that the Company's investments in telecommunications infrastructure, customer support capabilities and software releases will improve subscriber retention. The Company has expanded both the personnel and operating hours of technical support and customer service staffs, hired experienced managers and has made additional expenditures to enhance customer and technical support systems. These strategies and commitments have required substantial up-front expenditures for additional personnel, marketing, facilities, infrastructure, product development and capital equipment and have and may continue to adversely affect short-term operating results. There can be no assurance that revenue growth will continue or that the Company will in the future achieve or sustain profitability or positive cash flow from operations on either a quarterly or annual basis.

In March 1995, the FASB issued Statement No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed Of, which requires impairment losses to be recorded on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. Statement 121 also addresses the accounting for long-lived assets that are expected to be disposed of. The Company has adopted Statement 121 in the first quarter of fiscal 1997 and, based on current circumstances, does not believe the effect of adoption will be material.

The Company grants stock options for a fixed number of shares to employees with an exercise price equal to or less than the fair value of the shares at the date of grant. In October 1995, the FASB issued Statement No. 123, Accounting for Stock Based Compensation, which is effective for fiscal years beginning after December 15, 1995. In accordance with the provisions of Statement 123, the Company has elected to continue to account for stock option grants in accordance with APB Opinion No. 25, Accounting for Stock Issued to Employees, and, accordingly, recognizes compensation expense for stock options grants only when the exercise price is less than the fair value of the shares at the date of grant.

Three Months Ended October 31, 1996 Compared to Three Months Ended October 31, 1995

Results of Operations

Revenues. Revenues increased 329% from approximately $6.6 million for the three months ended October 31, 1995 to approximately $28.3 million for the three months ended October 31, 1996. Revenues from the Company's telecommunications operations increased 277% from approximately $4.8 million for the three months ended October 31, 1995 to approximately $18.1 million for the three months ended October 31, 1996. Revenues from the Company's Internet operations increased 461% from approximately $1.8 million for the three months ended October 31, 1995 to approximately $10.1 million for the three months ended October 31, 1996. The increase in telecommunications revenues was due primarily to a 400% increase in rebilled long-distance minutes from 6.7 million minutes to approximately 33.5 million minutes. The increase in rebilled long-distance minutes was due to a substantial increase in international call reorigination customers, and the addition of wholesale carrier clients. The number of international call reorigination customers increased from approximately 4,500 at October 31, 1995 to 26,500 customers at October 31, 1996. The addition of wholesale carrier clients resulted in an increase in long-distance arbitrage revenues of 592% from approximately $1.4 million for the three months ended October 31, 1995 to approximately $9.7 million for the three months ended October 31, 1996. As a percentage of telecommunications revenues and overall revenues, long-distance arbitrage revenues increased from approximately 29.7% to 53.6% and 21.6% to 34.3%, respectively. As a percentage of total revenues,

Internet revenues increased from approximately 27.3% for the three months ended October 31, 1995 to approximately 35.8% for the three months ended October 31, 1996. The increase in Internet revenues both in dollar terms and as a percentage of revenues was due primarily to an increase in dial-up subscribers from approximately 33,600 as of October 31, 1995 to approximately 153,100 as of October 31, 1996. Internet revenues also included approximately $1.3 million of online service revenues million for the three months ended October 31,1996 and $0 for the three months ended October 31, 1995. Net2Phone revenues for the three months ended October 31, 1996 were approximately $79,000, compared to $0 for the three months ended October 31, 1995.

Direct Cost of Revenues. Direct cost of revenues consists primarily of the costs paid to carriers for the transmission and termination of switched minutes through IDT's facilities, and to a lesser extent, fees paid to alliance partners, leased circuits and network costs, local access costs, Internet connectivity costs, switch maintenance costs, and Online network processing costs. The Company's direct cost of revenues increased by 327% from approximately $4.2 million in the three months ended October 31, 1995 to approximately $18.0 million in the three months ended October 31, 1996. As a percentage of revenues, these costs increased from 63.2% to 63.6% in the three months ended October 31, 1995 and 1996, respectively. The increase in absolute dollars is primarily due to increases in underlying carrier costs as the Company's telecommunications minutes of use, and associated revenue, grew substantially. To a lesser extent, the increase is due to the increase in fees paid to alliance partners, the costs of leased circuits and networks and of access lines and network connectivity to support subscriber growth in both Internet access and international call reorigination and the Online network processing costs. The Company expects that direct cost of revenues will continue to increase in absolute dollar terms as the Company expands its telecommunications and Internet subscriber bases.

Selling, General and Administrative. Selling, general and administrative costs increased 223% from approximately $3.9 million in the three months ended October 31, 1995 to approximately $12.6 million in the three months ended October 31, 1996. As a percentage of revenues, these costs decreased from 59.8% to 44.5% in Fiscal 1995 and 1996, respectively. The increase in these costs in dollar terms was due primarily to the addition of sales, marketing and technical and customer support personnel hired to support the growth of the Company's Internet access business, the increased advertising to attract Internet dial-up subscribers and costs incurred in developing and marketing Net2Phone. The Company anticipates selling, general and administrative costs in dollar terms will continue to increase as the Company implements its growth strategy.

Depreciation and Amortization. Depreciation and amortization costs increased 635% from approximately $131,000 in the three months ended October 31, 1995 to approximately $963,000 in the three months ended October 31, 1996. As a percentage of revenues, these costs increased from 2.0% to 3.4% in the three months ended October 31, 1995 and 1996, respectively. These costs increased in absolute terms primarily as a result of the Company's higher fixed asset base during Fiscal 1996 as compared with Fiscal 1995 due to the Company's efforts to install additional Company-owned POPs, enhance its network infrastructure and expand its facilities. The Company anticipates depreciation and amortization costs will continue to increase as the Company continues to implement its growth strategy.

Income (Loss) from Operations. Income from operations for the telecommunications segment decreased to approximately $621,000 in the three months ended October 31, 1996 from $849,000 in the three months ended October 31, 1995 and as a percentage of telecommunication revenues to 3.4% from 17.8%. The decrease in dollars resulted principally from increased selling, general and administrative expenses generated by the expansion of operations. The decrease as a percentage of telecommunication revenues resulted from increased selling general and administrative expenses as well as the increased percentage of long distance arbitrage revenues which typically carry lower margins. Loss from operations for the Internet access segment increased to $3.2 million in the three months ended October 31, 1996 from approximately $2.5 million in the three months ended October 31, 1995. The loss from operations from the Internet access segment was principally due to the initial costs of acquiring customers, increased personnel and facilities costs to sustain growth and substantial marketing expenses to create customer awareness. The increased loss of the Internet access segment is largely due to the growth in Internet customer base as the initial costs of acquiring customers exceeds the initial revenue received from such customers. The loss generated from the development and marketing of Net2Phone was approximately $632,000 for the three months ended October 31, 1996.

Income Taxes. The Company records income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). The Company did not record an income tax benefit in the three months ended October 31, 1995 or 1996, as the realization of available tax losses was not probable.

Liquidity and Capital Resources

Historically, the Company has satisfied its cash requirements principally through a combination of cash flow from operations, sales of equity securities and borrowings from third parties (including its stockholders). In Fiscal 1996, the Company raised $3,477,000 through the issuance of notes. The proceeds from the issuance of the notes were used for general corporate purposes, including working capital. In March 1996, the Company completed an initial public offering of 4,600,000 shares of Common Stock for $10 per share. The Company realized approximately $41.5 million from this offering. A portion of the proceeds were used to repay $3,477,000, the principal amount of short-term notes previously issued during Fiscal 1996. In connection with the repayment of such notes, the Company incurred prepayment penalty of $233,500. Such prepayment penalty was classified as an extraordinary loss for the early retirement of debt in the Company's consolidated statement of operations for the year ended July 31, 1996. The Company used the remaining net proceeds from the offering for general corporate purposes, capital expenditures and working capital, including to (i) expand and improve the Company's Internet network infrastructure, (ii) increase the Company's sales and marketing efforts, (iii) expand and improve the Company's customer support and fulfillment capabilities, (iv) intensify the Company's research and development activities, (v) develop new Internet applications and content, and (vi) expand the Company's telecommunications operations. At October 31, 1996, the Company had cash, and cash equivalents of $9.2 million and working capital of approximately $6.4 million.

The Company generated negative cash flow from operating activities of approximately $4.8 million during the three months ended October 31, 1996, compared to a positive cash flow from operating activities of approximately $240,000 during the three months ended October 31, 1995. The changes in operating cash flows from the three months ended October 31, 1996 to the three months ended October 31, 1995 were primarily due to increases in accounts receivable and prepaid and other assets in relation to accounts payable and other current liabilities. Cash flow from operations varied significantly from quarter to quarter, depending upon the timing of operating cash receipts and payments, especially accounts receivable and accounts payable. Accounts and commissions receivable (net of allowances) were approximately $12.6 million and $2.2 million at October 31, 1995 and 1996, respectively. Accounts receivable, accounts payable and accrued expenses have increased period to period as the Company's businesses have grown. Because of the nature of the Company's Internet access business and the rapid increase in the number of subscribers, allowance for doubtful accounts has also grown from period to period.

Purchases of fixed assets increased from approximately $835,000 in three months ended October 31, 1995 to approximately $9.0 million in three months ended October 31, 1996, primarily as a result of purchases of equipment to support expansion of the Company's network infrastructure, and expansion of the Company's facilities. The Company is upgrading and expanding its existing network infrastructure by building a new, higher capacity, frame-relay based network backbone and by adding Company-owned POPs.

The Company experiences intense competition in both its telecommunications and Internet access businesses. If additional competition were to lead to significant price reductions, especially in the price of

the Company's expanding Internet services, cash flows from operations would be materially adversely affected.

The Company intends to, where appropriate, make strategic acquisitions to increase its telecommunications customer base. The Company may also make strategic acquisitions related to its Internet business. From time to time, the Company evaluates potential acquisitions of companies, technologies, products and customer accounts that complement the Company's businesses. In the three months ended October 31, 1996, the Company purchased the equipment and networks of two of its alliance partners for approximately $4.4 million. The purchase price includes cash of $2,250,000, which was financed by a four year note, assumption of trade liabilities of approximately $280,000 excluding $429,000 due to the Company) and the issuance of promissory notes totaling approximately $1,440,000 of which $690,000 is a two year note at 8.25% interest per annum, and $750,000 is a four year note at 10% per annum. No additional acquisitions are currently contemplated.

The Company believes that, based upon its present business plan, its existing cash resources and expected cash flow from operating activities will be sufficient to meet its currently anticipated working capital and capital expenditure requirements for at least the next twelve months. If the Company's growth exceeds current expectations or the Company expedites or expands its network expansion or if the Company's cash flow from operations is insufficient to meet its working capital and capital expenditure requirements, the Company will need to raise additional capital from equity or debt sources. There can be no assurance that the Company will be able to raise such capital on favorable terms or at all. If the Company is unable to obtain such additional capital, the Company may be required to reduce the scope of its presently anticipated expansion, which could adversely affect the Company's business and results of operations and its ability to compete.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

The statements contained in this Report on Form 10-Q that are not purely historical are forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding the Company's expectations, hopes, intentions, beliefs or strategies regarding the future. Forward looking statements include the Company's liquidity, anticipated cash needs and availability, and anticipated expense levels under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." All forward looking statements included in this document are based on information available to the Company on the date of this Report, and the Company assumes no obligation to update any such forward looking statement. It is important to note that the Company's actual results could differ materially from those expressed or implied in such forward looking statements. Among the factors that could cause actual results to differ materially are the Company's recent entry into new telecommunications markets and new service offerings, the intense competition in the markets in which the Company operates and the domination of many markets by large industry participants, the Company's dependence on others to support or provide many of the services offered by the Company, technological change and uncertainty, regulatory developments and the Company's ability to manage its anticipated growth. You should also consult the risk factors listed in the Company's Annual Report on Form 10-K from the year ended July 31, 1996 as well as those factors listed from time to time in the Company's other reports filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 and the Securities Act of 1933.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

Incorporated by reference from Part I, Item 1, Financial Statements, Note 5 captioned "Legal Proceedings and Contingencies."

Item 2. CHANGES IN SECURITIES

None

Item 3. DEFAULTS UPON SENIOR SECURITIES

None

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

None

Item 5. OTHER INFORMATION

None

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Number	
2.01##	Merger Agreement relating to the reincorporation of the Registrant in Delaware
3.01##	Restated Certificate of Incorporation of the Registrant
3.02##	By-laws of the Registrant
4.01###	Specimen Certificates for shares of the Registrant's Common Stock and Class A Stock
4.02##	Description of Capital Stock (contained in the Certificate of Incorporation of the Registrant, filed as Exhibit 3.01)
10.01**	Form of Employment Agreement between the Registrant and Howard S. Jonas
10.02**	Form of Employment Agreement between the Registrant and Howard S. Balter
10.03**	Form of Employment Agreement between the Registrant and Eric L. Raab
10.04##	Form of 1996 Stock Option and Incentive Plan
10.05^^	Network Service Provider Agreement between Netscape Communications Corporation and Registrant
10.06**	Marketing Services and Independent Contractor Services Agreement between Lermer Overseas Telecommunications, Inc. and the Registrant
10.07#	Rebiller Service Agreement between WorldCom, Inc. (formerly LDDS Communications, Inc.) and the Company
10.08###	Form of Registration Rights Agreement between the Company's stockholders and the Company
10.09##	Lease of 294 State Street
10.11†	Form of Registration Rights Agreement between Howard S. Jonas and the Registrant
10.14^^	Access Agreement between PSINet Inc. And the Registrant
10.15^^	Rested Sales Agreement between International Computer Systems, Inc. and the Registrant
21.01+	Subsidiaries of the Registrant
27.00*	Financial Data Schedule

*	filed herewith
^^	incorporated by reference to Form 10-K A filed November 21, 1996 (confidential treatment request pending)
**	incorporated by reference to Form S-1 filed January 9, 1996, file No. 33300204
#	incorporated by reference to Form S-1 filed January 22,1996, file No. 33300204
##	incorporated by reference to Form S-1 filed February 21,1996, file No. 33300204
###	incorporated by reference to Form S-1 filed March 8,1996, file No. 33300204
†	incorporated by reference to Form S-1 filed March 14,1996, file No. 33300204
+	incorporated by reference to Form 10-K filed October 29, 1996, file No 33300204

(b) Reports on Form 8-K. The registrant did not file any reports on Form 8-K during the quarter ended October 31, 1996

IDT CORPORATION

FORM 10-Q

October 31, 1996

SIGNATURES

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

IDT CORPORATION

December 16, 1996 Date	By /s/ Howard S. Jonas Howard S. Jonas Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
December 16, 1996 Date	By /s/ Howard Balter Howard Balter Chief Operating Officer and Director (Principal Financial Officer)
December 16, 1996 Date	By /s/ Stephen R. Brown Stephen R. Brown Chief Financial Officer (Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	
2.01##	Merger Agreement relating to the reincorporation of the Registrant in Delaware.
3.01##	Restated Certificate of Incorporation of the Registrant.
3.02##	By-laws of the Registrant.
4.01###	Specimen Certificates for shares of the Registrant's Common Stock and Class A Stock.
4.02##	Description of Capital Stock (contained in the Certificate of Incorporation of the Registrant, filed as Exhibit 3.01).
10.01••	Form of Employment Agreement between the Registrant and Howard S. Jonas.
10.02••	Form of Employment Agreement between the Registrant and Howard S. Balter.
10.03••	Form of Employment Agreement between the Registrant and Eric L. Raab.
10.04##	Form of 1996 Stock Option and Incentive Plan.
10.05^^	Network Service Provider Agreement between Netscape Communications Corporation and Registrant
10.06••	Marketing Services and Independent Contractor Services Agreement between Lermer Overseas Telecommunications, Inc. and the Registrant.
10.07#	Rebiller Service Agreement between WorldCom, Inc. (formerly LDDS Communications, Inc.) and the Company.
10.08###	Form of Registration Rights Agreement between the Company's stockholders and the Company
10.09##	Lease of 294 State Street.
10.11'	Form of Registration Rights Agreement between Howard S. Jonas and the Registrant.
10.14^^	Access Agreement between PSINet Inc. And the Registrant.
10.15^^	Rested Sales Agreement between International Computer Systems, Inc. and the Registrant
21.01•	Subsidiaries of the Registrant.
27.00*	Financial Data Schedule.

* filed herewith

^^ incorporated by reference to Form 10-K/A filed November 21, 1996 (confidential treatment request pending)

•• incorporated by reference to Form S-1 filed January 9, 1996, file No. 33300204

\# incorporated by reference to Form S-1 filed January 22,1996, file No. 33300204

\## incorporated by reference to Form S-1 filed February 21,1996, file No. 33300204

\### incorporated by reference to Form S-1 filed March 8,1996, file No. 33300204

' incorporated by reference to Form S-1 filed March 14,1996, file No. 33300204

• incorporated by reference to Form 10-K filed October 29, 1996, file No. 33390204

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

FORM 10-Q

[X] Quarterly Report Pursuant to Section 13 Or 15(d) of the Securities Exchange Act of 1934
for the Quarterly Period Ended January 31, 1997

or

[ ] Transition Report Pursuant To Section 13 Or 15(D) Of The Securities Exchange Act Of 1934

Commission file number: 0-27898

IDT CORPORATION

(Exact name of Registrant as specified in its Charter)

Delaware (State or other jurisdiction of incorporation or organization)	22-3415036 (I.R.S. Employer Identification No.)
294 State Street, Hackensack, New Jersey (Address of principal executive office)	07601 (zip code)

(201) 928-1000
(Registrant's telephone number including area code)

Not Applicable
(Former name, former address, and former fiscal year, if changed since last report date)

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

Common Stock, $.01 par value -- 9,889,600 Shares as of March 6, 1997
Class A Common Stock, $.01 par value -- 11,174,330 shares as of March 6, 1997
(Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date)

Exhibit Index appears on page 18

ILT CORPORATION

Table Of Contents

PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

IDT CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	January 31, 1997 (unaudited)	July 31, 1996 (Note 1)
ASSETS		
Current assets		
Cash and cash equivalents	$ 7,292,393	$14,893,756
Short-term investments	1,254,902	---
Accounts Receivable (Net)	11,073,604	11,497,565
Other current assets	4,790,113	4,110,090
Total current assets	24,411,012	30,501,411
Property and equipment, net	22,760,857	12,453,330
Other assets	3,442,697	842,630
Total assets	$50,614,566	$43,797,371
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Trade accounts payable	$ 6,460,039	$ 7,778,860
Accrued expenses	9,069,558	7,770,334
Deferred revenue	1,866,333	983,496
Notes payable & current portion of long-term debt and capital lease obligations	2,092,011	---
Advances from officer/shareholder	1,000,000	---
Other current liabilities	291,826	422,005
Total current liabilities	20,779,767	16,954,695
Long-term debt and capital lease obligations	6,963,626	---
Total liabilities	27,743,393	16,954,695
Commitments and contingencies		
Stockholders' equity		
Preferred stock, $.01 par value; authorized shares 10,000,000; no shares issued	---	---
Common stock, $.01 par value; authorized shares - 100,000,000; 9,859,600 and 9,666,900 shares issued and outstanding	98,596	96,669
Class A stock, $.01 par value; authorized shares - 35,000,000; 11,174,330 shares issued and outstanding	111,743	111,743
Additional paid in capital	45,710,680	44,746,841
Accumulated deficit	(23,049,846)	(18,112,577)
Total stockholders' equity	22,871,173	26,842,676
Total liabilities and stockholders' equity	$50,614,566	$43,797,371

See notes to condensed consolidated financial statements.

IDT CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Six Months Ended		Three Months Ended	
	Jan. 31, 1997	Jan. 31, 1996	Jan. 31, 1997	Jan. 31, 1996
Revenues	$59,722,537	$16,315,068	$ 31,404,866	$ 9,714,250
Costs and expenses				
Direct cost of revenues	38,874,502	10,099,017	20,861,701	5,926,305
Selling, general, and administrative	23,842,947	12,459,263	11,245,268	8,505,780
Depreciation and amortization	2,046,655	306,186	1,083,222	175,431
Total costs and expenses	64,764,104	22,864,466	33,190,191	14,607,516
Loss from operations	(5,041,567)	(6,549,398)	(1,785,325)	(4,893,266)
Interest and other, net	104,298	(28,675)	(45,301)	(31,492)
Net loss	$(4,937,269)	$(6,578,073)	$(1,830,626)	$(4,924,758)
Net loss per share	($0.24)	($0.40)	($0.09)	($0.30)
Weighted average number of shares used in calculation of earnings per share	20,857,288	16,569,292	20,873,347	16,569,292

See notes to condensed consolidated financial statements

IDT CORPORATION

CONDENSED CONSOLIDATED STATEMENT OF STOCKHOLDERS' EQUITY

(Unaudited)

	Common Stock		*Class A Stock*		Additional paid in	Accumulated
	Shares	Amount	Shares	Amount	capital	Deficit
Balance at July 31,1996	9,666,900	$ 96,669	11,174,330	$111,743	$44,746,841	$(18,112,577)
Issuance of Stock options					41,212	
Exercise of options	192,700	1,927			922,627	
Net Loss for the six months ended January 31, 1997						(4,937,269)
Balance at January 31, 1997	9,859,600	$ 98,596	11,174,330	$111,743	$45,710,680	$(23,049,846)

See notes to condensed consolidated financial statements.

IDT CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

	Six months ended January 31, 1997	1996
Cash provided by (used in) operating activities	($7,181,770)	$ 144,451
Investing activities		
Payment for purchase of Yovelle, net of cash acquired	376,843	--
Purchase of short-term investments	(1,254,902)	--
Receipt of payments on advance	1,832,458	--
Payment for the purchase of ICS assets	(2,250,000)	--
Purchase of property and equipment	(7,317,406)	(2,800,346)
Net cash used in investing activities	(8,613,007)	(2,800,346)
Financing activities		
Repayment of loans	(394,893)	(5,001)
Repayments of stockholder loans	--	(117,000)
Repayments of capital lease obligation	(86,247)	--
Advances from stockholders	1,000,000	2,572,000
Proceeds from exercise of stock options	924,554	--
Advances from affiliates	--	185,000
Proceeds from loans	6,750,000	--
Net cash provided by financing activities	8,193,414	2,634,999
Net decrease in cash & cash equivalents	(7,601,363)	(20,896)
Cash & cash equivalents, beginning of period	14,893,736	231,592
Cash & cash equivalents, end of period	$ 7,292,373	$ 210,696
Supplemental disclosures of cash flow information		
Interest paid	$ 231,160	$14,278
Income taxes paid	--	--

See notes to condensed consolidated financial statements

IDT CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

Note 1 - Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of IDT Corporation and Subsidiaries (collectively "the Company") have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the six and three months ended January 31, 1997 are not necessarily indicative of the results that may be expected for the year ending July 31, 1997. For further information, refer to the consolidated financial statements and footnotes thereto included in the Company's Annual Report on Form 10-K for the year ended July 31, 1996 as filed with the Securities and Exchange Commission.

Note 2 - Property and Equipment

Property and equipment consists of the following:

	January 31, 1997	July 31, 1996
Equipment	$20,850,468	$10,661,941
Computer software	3,182,933	1,971,018
Leasehold improvements	1,024,593	296,718
Furniture and fixtures	1,372,773	1,176,867
	26,430,767	14,106,544
Less: Accumulated depreciation and amortization	(3,669,910)	(1,653,214)
	$22,760,857	$12,453,330

Note 3 - Acquisitions

During the six months ended January 31, 1997, the Company purchased the equipment and networks of two of its alliance partners for approximately $4.4 million of which the Company issued two promissory notes totaling $1,440,000. In addition, to pay a portion of the purchase price the Company borrowed $2,250,000 in a four year note with interest only payments for the first six months at 11% per annum and 42 equal monthly payments of principal and interest at 14% per annum and convertible into Common Stock at the lower of $14 or the market price at the date of conversion per share at the option of the holder after nine months of issuance.

In August 1996, the Company purchased all of the issued and outstanding stock of Yovelle Renaissance Corporation, who owns the GENIE online service, for $200,000. The purchase price included the assumption of a note payable of $750,000 to GE Information Services, due and paid by December 15, 1996 and resulted in the recording of Goodwill of $1,372,289 which is included in other assets.

Note 4 - Loans payable and capital lease obligations

During the six months ended January 31, 1997, the Company borrowed $8,190,000 consisting of five interest bearing notes collateralized by certain equipment owned by the Company and with terms ranging from twenty-four months to forty-eight months. One note of $2,250,000 can be converted into Common Stock at the option of the holder.

The Company also entered into various capital lease arrangements during the six months ended January 31, 1997 to acquire computer and communications related equipment totaling approximately $1.2 million with terms ranging from twenty-four months to thirty-six months and collateralized by the equipment.

The company received an advance from Howard Jonas, its Chairman of the Board and Chief Executive Officer of $1,000,000 during the quarter ended January 31,1997.

Note 5 - Legal Proceedings and Contingencies

IDT received an inquiry from a state Attorney General's office, in which several states participated, concerning IDT's advertising and marketing practices. Subsequent to January 31, 1997, the Company negotiated a settlement with all the participating Attorneys General requiring, among other matters, the payment of a $250,000 fine and an agreement to give certain qualifying customers refunds. All such costs have been accrued as of January 31, 1997.

On June 19, 1996, the Business Software Alliance ("BSA") in correspondence with the Company alleged that the Company made unlicensed internal use of certain third party software. The Company conducted an internal software audit and negotiated a settlement of $100,000 during the quarter ended January 31, 1997.

The Company has received a complaint from five former employees alleging religious discrimination under Title 7 of the Civil Rights Act. The Company and its counsel believe that these allegations are unfounded, and intends to defend this matter vigorously.

The Company is subject to other legal proceedings and claims which have arisen in the ordinary course of its business and have not been finally adjudicated. Although there can be no assurance, the opinion of management is that settlement of these actions, when ultimately concluded, will not have a material adverse effect on results of operations, cash flows or the financial condition of the Company.

ITEM 2.

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

The following information should be read in conjunction with the accompanying condensed consolidated financial statements and the associated notes thereto of this Quarterly Report, and the audited consolidated financial statements and the notes there to and Management's Discussion and Analysis of Financial Condition and Results of Operations of the Company contained in the Company's Annual Report on Form 10-K for the year ended July 31, 1996, as filed with the Securities and Exchange Commission.

Overview

IDT is an international telecommunications company offering a broad range of competitively priced long-distance telephone, and Internet access services in the U.S. and abroad and recently began offering Internet telephony services.

The Company entered the international call reorigination business in 1990 to capitalize on the opportunity created by the spread between U.S. and foreign-originated international long-distance telephone rates. IDT leveraged the expertise derived from, and calling volume generated by, its call reorigination business to enter the domestic long-distance business in late 1993, by reselling long-distance telecommunications services of other carriers to IDT's domestic customers. As a value-added service for its domestic long-distance customers, the Company began offering Internet access in early 1994, eventually offering dial-up and dedicated Internet access to individuals and businesses as stand-alone services. In 1995, IDT began reselling to other long-distance carriers access to the favorable telephone rates and special tariffs the Company receives because of the calling volume generated by its call reorigination customers. In August 1996, IDT entered the Internet telephony market with its introduction of Net2Phone.

Revenues from the Company's telecommunications operations are derived primarily from the following activities: (i) international long-distance call reorigination services; (ii) resale of long-distance minutes to other long-distance carriers; and (iii) marketing to individuals and businesses of domestic long-distance services provided by WorldCom. Revenues from the Company's Internet operations are primarily derived from providing Internet access services to individuals and businesses.

The Company's Internet access service revenues depend primarily on the number of subscribers to the Company's services and the types of accounts subscribed for. Revenues from monthly subscribers have substantially increased over the last year as a result of significant increases in the Company's subscriber base, however, revenues from monthly subscribers have decreased from the quarter ended January 31,1997 compared to the prior quarter ended October 31, 1996 as a result of a decrease in the Company's subscriber base.

In February 1997, the Company announced its decision to shift its focus from the dial-up Internet access operation to its telecommunications division. This shift resulted in the termination of 120 employees, mostly from outbound sales and marketing positions in the dial-up Internet access division.

The Company's ability to achieve revenue growth and profitability is dependent upon its ability to acquire and retain customers. The Company's ability to improve operating margins will also depend in part on its ability to retain its customers and there can be no assurances that the Company's investments in telecommunications infrastructure, customer support capabilities and software releases will improve customer retention. The Company's strategies and commitments have required substantial up-front expenditures for additional personnel, marketing, facilities, infrastructure, product development and capital equipment and have and may continue to adversely affect short-term operating results. There can be no assurance that revenue growth will continue or that the Company will in the future achieve or sustain profitability or positive cash flow from operations on either a quarterly or annual basis.

Six Months Ended January 31, 1997 Compared to Six Months Ended January 31, 1996

Results of Operations

Revenues. Revenues increased 266% from approximately $16.3 million for the six months ended January 31, 1996 to approximately $59.7 million for the six months ended January 31, 1997. Revenues from the Company's telecommunications operations increased 276% from approximately $10.7 million for the six months ended January 31, 1996 to approximately $40.0 million for the six months ended January 31, 1997. Revenues from the Company's Internet operations increased 240% from approximately $5.7 million for the six months ended January 31, 1996 to approximately $19.2 million for the six months ended January 31, 1997. The increase in telecommunications revenues was due primarily to an increase in rebilled long-distance minutes from 18.2 million minutes to approximately 80.4 million minutes. The increase in rebilling long-distance minutes was due to the addition of wholesale carrier clients and a substantial increase in international call reorigination customers. The number of international call reorigination customers increased from approximately 11,100 at January 31, 1996 to 33,500 customers at January 31, 1997. The addition of wholesale carrier clients resulted in an increase in long-distance arbitrage revenues of 469% from approximately $4.0 million for the six months ended January 31, 1996 to approximately $22.7 million for the six months ended January 31, 1997. As a percentage of telecommunications revenues and overall revenues, long-distance arbitrage revenues increased from approximately 37.4% to 56.7% and 24.4% to 38.0%, respectively. As a percentage of total revenues, Internet revenues decreased as a percentage of total revenues from approximately 34.7% for the six months ended January 31, 1996 to approximately 32.2% for the six months ended January 31, 1997. The increase in Internet revenues in dollar terms was due primarily to an increase in dial-up subscribers from approximately 64,800 as of January 31, 1996 to approximately 130,000 as of January 31, 1997. The decrease in Internet revenues as a percentage was due to the increase of telecommunications revenue as compared to Internet revenue. Internet revenues also included approximately $2.2 million of online service revenues million for the six months ended January 31,1997 and $0 for the six months ended January 31, 1996. Net2Phone revenues for the six months ended January 31, 1997 were approximately $472,000, compared to $0 for the six months ended January 31, 1996.

Direct Cost of Revenues. Direct cost of revenues consists primarily of the costs paid to carriers for the transmission and termination of switched minutes through IDT's facilities, and to a lesser extent, fees paid to alliance partners, leased circuits and network costs, local access costs, network connectivity costs, switch maintenance costs, and online network processing costs. The Company's direct cost of revenues increased by 285% from approximately $10.1 million in the six months ended January 31, 1996 to approximately $38.9 million in the six months ended January 31, 1997. As a percentage of revenues, these costs increased from 61.9% to 65.1% in the six months ended January 31, 1996 and 1997, respectively. The increase in absolute dollars is primarily due to increases in underlying carrier costs as the Company's telecommunications minutes of use and associated revenue grew substantially. To a lesser extent, the increase is due to the increase in fees paid to alliance partners, the costs of leased circuits and networks and of access lines and network connectivity to support subscriber growth in both Internet access and international call reorigination and the online network processing costs. The Company expects that direct cost of revenues will continue to increase in absolute dollar terms and as a percentage of total revenues as the Company expands its telecommunications base.

Selling, General and Administrative. Selling, general and administrative costs increased 91% from approximately $12.5 million in the six months ended January 31, 1996 to approximately $23.8 million in the six months ended January 31, 1997. As a percentage of revenues, these costs decreased from 76.4% to 39.9% in the six months ended January 31, 1996 and 1997, respectively. The increase in these costs in dollar terms was due primarily to the addition of sales, marketing and technical and customer support personnel hired to support the growth of the Company's Internet access business, the increased advertising to attract Internet dial-up subscribers and costs incurred in developing and marketing Net2Phone. The decrease in selling , general and administrative costs as a percentage of total revenue was primarily due to the increase of telecommunications revenue as compared to Internet revenue. The

Company anticipates selling, general and administrative costs in dollar terms will continue to increase as the Company implements its growth strategy, but will decrease as a percentage of total revenues as a result of the shift of focus to the telecommunications division and away from dial-up Internet access.

Depreciation and Amortization. Depreciation and amortization costs increased 568% from approximately $306,000 in the six months ended January 31, 1996 to approximately $2.0 million in the six months ended January 31, 1997. As a percentage of revenues, these costs increased from 2.0% to 3.4% in the six months ended January 31, 1996 and 1997, respectively. These costs increased in absolute terms primarily as a result of the Company's higher fixed asset base during the six months ended January 31, 1997 as compared with the six months ended January 31,1996 due to the Company's efforts to install additional Company-owned POPs, enhance its network infrastructure and expand its facilities. The Company anticipates depreciation and amortization costs will continue to increase as the Company continues to implement its growth strategy.

Income (loss) from Operations. Income from operations for the telecommunications segment increased to approximately $2.1 million in the six months ended January 31, 1997 from $1.4 million in the six months ended January 31, 1996 and as a percentage of telecommunication revenues decreased to 5.2% from 13.5%. The increase in dollars resulted principally from increased revenue generated by the expansion of operations. The decrease as a percentage of telecommunication revenues resulted from increased selling general and administrative expenses as well as the increased percentage of long-distance arbitrage revenues which typically carry lower margins. Loss from operations for the Internet access segment decreased to approximately $6.1 million in the six months ended January 31, 1997 from approximately $7.7 million in the six months ended January 31, 1996. The loss from operations from the Internet access segment was principally due to the initial costs of acquiring customers, increased personnel and facilities costs to sustain growth and substantial marketing expenses to create customer awareness. The increased loss of the Internet access segment is largely due to the growth in Internet customer base as the initial costs of acquiring customers exceeds the initial revenue received from such customers. The loss generated from the development and marketing of Net2Phone was approximately $1.0 million and $0 for the six months ended January 31, 1997and 1996 respectively.

Income Taxes. The Company records income taxes in accordance with Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes" ("SFAS 109"). The Company did not record an income tax benefit in the six months ended January 31, 1996 or 1997, as the realization of available tax losses was not probable.

Three Months Ended January 31, 1997 Compared to Three Months Ended January 31, 1996

Results of Operations

Revenues. Revenues increased 223% from approximately $9.7 million for the three months ended January 31, 1996 to approximately $31.4 million for the three months ended January 31, 1997. Revenues from the Company's telecommunications operations increased 275% from approximately $5.8 million for the three months ended January 31, 1996 to approximately $21.9 million for the three months ended January 31, 1997. Revenues from the Company's Internet operations increased 135% from approximately $3.9 million for the three months ended January 31, 1996 to approximately $9.1 million for the three months ended January 31, 1997. The increase in telecommunications revenues was due primarily to an increase in rebilled long-distance minutes from 11.5 million minutes to approximately 46.9 million minutes. The increase in rebilling long-distance minutes was due to the addition of wholesale carrier clients and a substantial increase in international call reorigination customers. The number of international call reorgination customers increased from approximately 11,100 at January 31, 1996 to 33,500 customers at January 31, 1997. The addition of wholesale carrier clients resulted in an increase in long-distance arbitrage revenues of 406% from approximately $2.6 million for the three months ended January 31, 1996 to approximately $13.0 million for the three months ended January 31, 1997. As a percentage of telecommunications revenues and overall revenues, long-distance arbitrage revenues increased from approximately 43.8% to 59.1% and 26.4% to 41.3%, respectively. As a percentage of total revenues, Internet revenues decreased as a percentage of total revenues from approximately 39.8% for the three months ended January 31, 1996 to approximately 28.9% for the three months ended January 31, 1997. The increase in Internet revenues in dollar terms was due primarily to an increase in dial-up subscribers from approximately 64,800 as of January 31, 1996 to approximately 130,000 as of January 31, 1997. The decrease in Internet revenues as a percentage of total revenues was due to the increase of telecommunications revenue as compared to Internet revenue. Internet revenues also included approximately $900,000 of online service revenues for the three months ended January 31,1997 and $0 for the three months ended January 31, 1996. Net2Phone revenues for the three months ended January 31, 1997 were approximately $393,000, compared to $0 for the three months ended January 31, 1996.

Direct Cost of Revenues. Direct cost of revenues consists primarily of the costs paid to carriers for the transmission and termination of switched minutes through IDT's facilities, and to a lesser extent, fees paid to alliance partners, leased circuits and network costs, local access costs, network connectivity costs, switch maintenance costs, and Online network processing costs. The Company's direct cost of revenues increased by 252% from approximately $5.9 million in the three months ended January 31, 1996 to approximately $20.9 million in the three months ended January 31, 1997. As a percentage of revenues, these costs increased from 61.0% to 66.4% in the three months ended January 31, 1996 and 1997, respectively. The increase in absolute dollars is primarily due to increases in underlying carrier costs as the Company's telecommunications minutes of use, and associated revenue, grew substantially. To a lesser extent, the increase is due to the increase in fees paid to alliance partners, the costs of leased circuits and networks and of access lines and network connectivity to support subscriber growth in both Internet access and international call reorigination and the Online network processing costs. The Company expects that direct cost of revenues will continue to increase in absolute dollar terms as the Company expands its telecommunications base.

Selling, General and Administrative. Selling, general and administrative costs increased 32% from approximately $8.5 million in the three months ended January 31, 1996 to approximately $11.2 million in the three months ended January 31, 1997. As a percentage of revenues, these costs decreased from 87.6% to 35.8% in the three months ended January 31, 1996 and 1997, respectively. The increase in these costs in dollar terms was due primarily to the addition of sales, marketing and technical and customer support personnel hired to support the growth of the Company's internet access business, the increased advertising to attract Internet dial-up subscribers and costs incurred in developing and marketing Net2Phone. The decrease in selling, general and administrative costs as a percentage of total revenues was primarily due to the increase of telecommunications revenue as compared to Internet revenue. The Company anticipates selling, general and administrative costs in dollar terms will continue to increase as the Company implements its growth strategy, but will decrease as a percentage of total revenues as a result of the shift of focus to the telecommunications division and away from dial-up Internet access.

Depreciation and Amortization. Depreciation and amortization costs increased 518% from approximately $175,000 in the three months ended January 31, 1996 to approximately $1.1 million in the three months ended January 31, 1997. As a percentage of revenues, these costs increased from 1.8% to 3.4% in the three months ended January 31, 1996 and 1997, respectively. These costs increased in absolute terms primarily as a result of the Company's higher fixed asset base during the three months ended January 31, 1997 as compared with the three months ended January 31,1996 due to the Company's efforts to install additional Company-owned POPs, enhance its network infrastructure and expand its facilities. The Company anticipates depreciation and amortization costs will continue to increase as the Company continues to implement its growth strategy.

Income (loss) from Operations. Income from operations for the telecommunications segment increased to approximately $1.5 million in the three months ended January 31, 1997 from $539,000 in the three months ended January 31, 1996 and as a percentage of telecommunication revenues decreased to 6.7% from 9.2%. The increase in dollars resulted principally from increased revenue generated by the expansion of operations. The decrease as a percentage of telecommunication revenues resulted from increased selling general and administrative expenses as well as the increased percentage of long-distance arbitrage revenues which typically carry lower margins. Loss from operations for the Internet access segment decreased to approximately $2.8 million in the three months ended January 31, 1997 from approximately $5.4 million in the three months ended January 31, 1996. The loss from operations from the Internet access segment was principally due to the initial costs of acquiring customers, increased personnel and facilities costs to sustain growth and substantial marketing expenses to create customer awareness. The increased loss of the Internet access segment is largely due to the growth in Internet customer base as the initial costs of acquiring customers exceeds the initial revenue received from such customers. The loss generated from the development and marketing of Net2Phone was approximately $400,000 for the three months ended January 31, 1997.

Liquidity and Capital Resources

Historically, the Company has satisfied its cash requirements principally through a combination of cash flow from operations, sales of equity securities and borrowings from third parties (including its stockholders). In Fiscal 1996, the Company raised $3,477,000 through the issuance of notes. The proceeds from the issuance of the notes were used for general corporate purposes, including working capital. In March 1996, the Company completed an initial public offering of 4,600,000 shares of Common Stock for $10 per share. The Company realized approximately $41.5 million from this offering. A portion of the proceeds were used to repay $3,477,000, the principal amount of short-term notes previously issued during Fiscal 1996. In connection with the repayment of such notes, the Company incurred prepayment penalty of $233,500. Such prepayment penalty was classified as an extraordinary loss for the early retirement of debt in the Company's consolidated statement of operations for the year ended July 31, 1996. The Company used the remaining net proceeds from the offering for general corporate purposes, capital expenditures and working capital, including to (i) expand and improve the Company's Internet network infrastructure, (ii) increase the Company's sales and marketing efforts, (iii) expand and improve the Company's customer support and fulfillment capabilities, (iv) intensify the Company's research and development activities, (v) develop new Internet applications and content, and (vi) expand the Company's telecommunications operations. At January 31, 1997, the Company had cash, and cash equivalents of $7.3 million and working capital of approximately $3.6 million.

The Company generated negative cash flow from operating activities of approximately $7.2 million during the six months ended January 31, 1997, compared to a positive cash flow from operating activities of approximately $144,000 during the six months ended January 31, 1996. The changes in operating cash flows from the six months ended January 31, 1997 to the six months ended January 31, 1996 were primarily due to increases in accounts receivable and prepaid and other assets in relation to accounts payable and other current liabilities. Cash flow from operations varied significantly from quarter to quarter, depending upon the timing of operating cash receipts and payments, especially accounts receivable and accounts payable. Accounts and commissions receivable (net of allowances) were approximately $11.1 million and $3.2 million at January 31, 1996 and 1997, respectively. Accounts receivable, accounts payable and accrued expenses have increased period to period as the Company's businesses have grown. Because of the nature of the Company's Internet access business and the initial rapid increase in the number of subscribers, allowance for doubtful accounts has also grown from period to period.

Payments on purchases of fixed assets increased from approximately $2.8 million in six months ended January 31, 1996 to approximately $7.3 million in six months ended January 31, 1997, primarily as a result of purchases of equipment to support expansion of the Company's network infrastructure, and expansion of the Company's facilities. The Company is upgrading and expanding its existing network infrastructure by building a new, higher capacity, frame relay based network backbone and through international network expansion.

The Company experiences intense competition in both its telecommunications and Internet access businesses. If additional competition were to lead to significant price reductions cash flows from operations would be materially adversely affected.

The Company intends to, where appropriate, make strategic acquisitions to increase its telecommunications customer base. The Company may also make strategic acquisitions related to its Internet business. From time to time, the Company evaluates potential acquisitions of companies, technologies, products and customer accounts that complement the Company's businesses. In the six months ended January 31, 1997, the Company purchased the equipment and networks of two of its alliance partners for approximately $4.4 million. The purchase price includes cash of $2,250,000, which was financed by a four year note, assumption of trade liabilities of approximately $280,000, excluding $429,000 due to the Company) and the issuance of promissory notes totaling approximately $1,440,000 of which $690,000 is a two year note at 8.25% interest per annum, and $750,000 is a four year note at 10% per annum. No additional acquisitions are currently contemplated.

The Company believes that, based upon its present business plan, its existing cash resources and expected cash flow from operating activities and equipment financing will be sufficient to meet its currently anticipated working capital and capital expenditure requirements for at least the next twelve months. If the Company's growth exceeds current expectations or the Company expedites or expands its network expansion or if the Company cannot finance its new equipment or if the Company's cash flow from operations is insufficient to meet its working capital and capital expenditure requirements, the Company will need to raise additional capital from equity or debt sources. There can be no assurance that the Company will be able to raise such capital on favorable terms or at all. If the Company is unable to obtain such additional capital, the Company may be required to reduce the scope of its presently anticipated expansion, which could adversely affect the Company's business and results of operations and its ability to compete.

CAUTIONARY STATEMENT REGARDING FORWARD LOOKING STATEMENTS

The statements contained in this Report on Form 10-Q that are not purely historical are forward looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements regarding the Company's expectations, hopes, intentions, beliefs or strategies regarding the future. Forward looking statements include the Company's liquidity, anticipated cash needs and availability, and anticipated expense levels under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations." All forward looking statements included in this document are based on information available to the Company on the date of this Report, and the Company assumes no obligation to update any such forward looking statement. It is important to note that the Company's actual results could differ materially from those expressed or implied in such forward looking statements. Among the factors that could cause actual results to differ materially are the Company's recent entry into new telecommunications markets and new service offerings, the intense competition in the markets in which the Company operates and the domination of many markets by large industry participants, the Company's dependence on others to support or provide many of the services offered by the Company, technological change and uncertainty, regulatory developments and the Company's ability to manage its anticipated growth. You should also consult the "Risk Factors" section in the Company's Annual Report on Form 10-K from the year ended July 31, 1996 as well as those factors listed from time to time in the Company's other reports filed with the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934 and the Securities Act of 1933.

PART II. OTHER INFORMATION

Item 1. LEGAL PROCEEDINGS

IDT received an inquiry from a state Attorney General's office, in which several states participated, concerning IDT's advertising and marketing practices. Subsequent to January 31, 1997, the Company negotiated a settlement with all the participating Attorneys General requiring among other maters, the payment of $250,000 fine and an agreement to give certain qualifying customers refunds. All such costs have been accrued as of January 31, 1997.

On June 19, 1996, the Business Software Alliance ("BSA") in correspondence with the Company alleged that the Company made unlicensed internal use of certain third party software. The Company conducted an internal software audit and negotiated a settlement of $100,000 during the quarter ended January 31, 1997.

The company has received a complaint from five former employees alleging religious discrimination under Title 7 of the Civil Rights Act. The Company and its counsel believe that these allegations are unfounded.

The Company is subject to other legal proceedings and claims which have arisen in the ordinary course of its business and have not been finally adjudicated. Although there can be no assurance, the opinion of management is that settlement of these actions, when ultimately concluded, will not have a material adverse effect on results of operations, cash flows or the financial condition of the Company.

Item 2. CHANGES IN SECURITIES

None

Item 3. DEFAULTS UPON SENIOR SECURITIES

None

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

None

Item 5. OTHER INFORMATION

None

Item 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

Exhibit Number	
2.01##	Merger Agreement relating to the reincorporation of the Registrant in Delaware.
3.01##	Restated Certificate of Incorporation of the Registrant.
3.02##	By-laws of the Registrant.
4.01###	Specimen Certificates for shares of the Registrant's Common Stock and Class A Stock.
4.02##	Description of Capital Stock (contained in the Certificate of Incorporation of the Registrant, filed as Exhibit 3.01).
10.01**	Form of Employment Agreement between the Registrant and Howard S. Jonas.
10.02**	Form of Employment Agreement between the Registrant and Howard S. Balter.
10.03**	Form of Employment Agreement between the Registrant and Eric L. Raab.
10.04##	Form of 1996 Stock Option and Incentive Plan.
10.05%	Network Service Provider Agreement between Netscape Communications Corporation and Registrant
10.06**	Marketing Services and Independent Contractor Services Agreement between Lermer Overseas Telecommunications, Inc. and the Registrant.
10.07#	Rebiller Service Agreement between WorldCom, Inc. (formerly LDDS Communications, Inc.) and the Company.
10.08###	Form of Registration Rights Agreement between the Company's stockholders and the Company
10.09##	Lease of 294 State Street.
10.11!	Form of Registration Rights Agreement between Howard S. Jonas and the Registrant.
10.12***	Form of Employment Agreement between the Registrant and James A. Courter.
10.13***	Form of Employment Agreement between the Registrant and Kenneth Scharf
10.14%	Agreement between PSINet Inc. And the Registrant.
10.15%	Rested Sales Agreement between International Computer Systems, Inc. and the Registrant
10.16***	Form of Stock Option Agreement under the 1996 Stock Option and Incentive Plan.
10.17***	Form of Stock Option Agreement under the Employee Stock Option Program.
21.01%	Subsidiaries of the Registrant
27.00*	Financial Data Schedule

*	filed herewith
%	incorporated by reference to Form 10-K filed October 20, 1996, as amended on November 21, 1996 and January 6, 1997, file No. 000-7898
**	incorporated by reference to Form S-1 filed January 9, 1996, file No. 333-00204
#	incorporated by reference to Form S-1 filed January 22, 1996, file No. 333-00204
##	incorporated by reference to Form S-1 filed February 21, 1996, file No. 333-00204
###	incorporated by reference to Form S-1 filed March 8, 1996, file No. 333-00204
!	incorporated by reference to Form S-1 filed March 14, 1996, file No. 333-00204
***	incorporated by reference to Form S-1 filed December 27, 1996, as amended, on January 6, 1997, file No. 333-18901

(b) Reports on Form 8-K. The registrant did not file any reports on Form 8-K during the quarter ended January 31, 1997.

IDT CORPORATION

FORM 10-Q

January 31, 1997

SIGNATURES

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

IDT CORPORATION

March 14, 1997 Date	By /s/ Howard Jonas Howard S. Jonas Chairman of the Board and Chief Executive Officer (Principal Executive Officer)
March 14, 1997 Date	By /s/ Howard Balter Howard Balter Chief Operating Officer and Director (Principal Financial Officer)
March 14, 1997 Date	By /s/ Stephen R. Brown Stephen R. Brown Chief Financial Officer (Principal Accounting Officer)

EXHIBIT INDEX

Exhibit Number	
2.01##	Merger Agreement relating to the reincorporation of the Registrant in Delaware
3.01##	Restated Certificate of Incorporation of the Registrant
3.02##	By-laws of the Registrant.
4.01###	Specimen Certificates for shares of the Registrant's Common Stock and Class A Stock.
4.02##	Description of Capital Stock (contained in the Certificate of Incorporation of the Registrant, filed as Exhibit 3.01)
10.01**	Form of Employment Agreement between the Registrant and Howard S. Jonas.
10.02**	Form of Employment Agreement between the Registrant and Howard S. Balter.
10.03**	Form of Employment Agreement between the Registrant and Eric L. Raab
10.04##	Form of 1996 Stock Option and Incentive Plan
10.05%	Network Service Provider Agreement between Netscape Communications Corporation and Registrant
10.06**	Marketing Services and Independent Contractor Services Agreement between Lermer Overseas Telecommunications, Inc. and the Registrant.
10.07#	Rebiller Service Agreement between WorldCom, Inc. (formerly LDDS Communications, Inc.) and the Company
10.08###	Form of Registration Rights Agreement between the Company's stockholders and the Company
10.09##	Lease of 294 State Street.
10.11'	Form of Registration Rights Agreement between Howard S. Jonas and the Registrant.
10.12***	Form of Employment Agreement between the Registrant and James A. Courter
10.13***	Form of Employment Agreement between the Registrant and Kenneth Scharf.
10.14%	Agreement between PSINet Inc. And the Registrant
10.15%	Rested Sales Agreement between International Computer Systems, Inc. and the Registrant
10.16***	Form of Stock Option Agreement under the 1996 Stock Option and Incentive Plan.
10.17***	Form of Stock Option Agreement under the Employee Stock Option Program.
21.01%	Subsidiaries of the Registrant.
27.00*	Financial Data Schedule

*	filed herewith
%	incorporated by reference to Form 10-K filed October 20, 1996, as amended on November 21, 1996 and January 6, 1997, file No. 000-7898
**	incorporated by reference to Form S-1 filed January 9, 1996, file No. 333-00204
#	incorporated by reference to Form S-1 filed January 22,1996, file No. 333-00204
##	incorporated by reference to Form S-1 filed February 21,1996, file No. 333-00204
###	incorporated by reference to Form S-1 filed March 8,1996 file No. 333-00204
'	incorporated by reference to Form S-1 filed March 14,1996, file No. 333-00204
***	incorporated by reference to Form S-1 filed December 27, 1996, as amended, on January 6, 1997, file No. 333-18901

This page intentionally left blank

EXHIBIT D - PROPOSED TARIFF

TITLE SHEET

SOUTH DAKOTA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service or facilities for Telecommunications Services furnished by IDT Corporation ("IDT"), with principal offices at 294 State Street, Hackensack, New Jersey 07601. This tariff applies for services furnished within the State of South Dakota. This tariff is on file with the South Dakota Public Utilities Commission, and copies may be inspected, during normal business hours, at the company's principal place of business.

CONCURRING, CONNECTING OR

OTHER PARTICIPATING CARRIERS AND

BILLING AGENTS

1. Concurring Carriers - None
2. Connecting Carriers - None
3. Other Participating Carriers - None
4. Billing Agents - None

TELECOMMUNICATIONS SERVICES TARIFF

CHECK SHEET

Sheets 1 through 30 inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

SHEET	REVISION
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original
16	Original
17	Original
18	Original
19	Original
20	Original
21	Original
22	Original
23	Original
24	Original
25	Original
26	Original
27	Original
28	Original
29	Original
30	Original

* New or Revised Sheet

TABLE OF CONTENTS

TARIFF FORMAT

A. Sheet Numbering: Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets already in effect, a decimal is added. For example, a new sheet added between pages 11 and 12 would be page 11.1.

B. Sheet Revision Numbers: Revision numbers also appear in the upper right corner of each sheet where applicable. These numbers are used to indicate the most current page version on file with the Commission. For example, 4th Revised Sheet 13 cancels 3rd Revised Sheet 13. Consult the Check Sheet for the sheets currently in effect.

C. Paragraph Numbering Sequence: There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

2.
2.1
2.1.1
2.1.1.A
2.1.1.A.1
2.1.1.A.1.(a)
2.1.1.A.1.(a).I
2.1.1.A.1.(a).I.(i)
2.1.1.A.1.(a).I.(i).(1)

D. Check Sheets: When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the sheets contained in the tariff, with a cross reference to the current Revision Number. When new sheets are added, the Check Sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some sheets). The tariff user should refer to the latest Check Sheet to find out if a particular sheet is the most current on Commission file.

SYMBOLS

The following are the only symbols used for the purposes indicated below:

(C) to signify change in regulation
(D) to signify a deletion
(I) to signify a rate increase
(L) to signify material relocated in the tariff
(N) to signify a new rate or regulation
(R) to signify a rate reduction
(T) to signify a change in text, but no change in rate or regulation

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement from a local exchange telephone company or other common carrier, using either dedicated or switched access, which connects a Customer's location to IDT 's location or switching center.

Authorization Code - A numerical code, one or more of which may be assigned to a Customer, to enable IDT to identify the origin of tne Customer so it may rate and bill the call. Automatic number identification (ANI) is used as the authorization code wherever possible.

Commission - Used throughout this tariff to mean the South Dakota Public Utilities Commission.

Customer - The person, firm, corporation or other legal entity which orders the services of IDT or purchases a IDT Prepaid Calling Card and/or originates prepaid calls using such cards, and is responsible for the payment of charges and for compliance with the Company's tariff regulations.

Company or IDT - Used throughout this tariff to mean IDT Corporation, a Delaware corporation.

Prepaid Account - An inventory of Telecom Units purchased in advance by the Customer, and associated with one and only one Authorization Code as contained in a specific Prepaid Calling Card.

Prepaid Calling Card - A card issued by the Company, containing an Authorization Code which identifies a specific Prepaid Account of Telecom Units, which enables calls to be processed, account activity to be logged, and balances to be maintained, on a prepayment basis.

Telecom Unit - A measurement of telecommunications service equivalent to one minute of usage between any two points within the State of South Dakota.

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the services, the transmission of data, facsimile, signaling, metering, or other similar communications.

Underlying Carrier - The telecommunications carrier whose network facilities provide the technical capability and capacity necessary for the transmission and reception of Customer telecommunications traffic.

SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company

This tariff contains the regulations and rates applicable to intrastate resale telecommunications services provided by IDT for telecommunications between points within the State of South Dakota. Resale services are furnished subject to the availability of facilities and subject to the terms and conditions of this tariff in compliance with limitations set forth in the Commission's rules. The Company's services are provided on a statewide basis and are not intended to be limited geographically. The Company offers service to all those who desire to purchase service from the Company consistent with all of the provisions of this tariff. Customers interested in the Company's services shall file a service application with the Company which fully identifies the Customer, the services requested and other information requested by the Company. The Company reserves the right to examine the credit record and check the references of all applicants and Customers. The Company may examine the credit profile/record of any applicant prior to accepting the service order or a Customer's deposit, if required. The service application and the deposit shall not in themselves obligate the Company to provide services or to continue to provide service if a later check of applicant's credit record is, in the opinion of the Company, contrary to the best interest of the Company. If service is denied, Customer deposits, if required, will be returned immediately. The Company may act as the Customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the Customer, to allow connection of a Customer's location to a service provided by the Company. The Customer shall be responsible for all charges due for such service arrangement. The Company does not own any switching, transmission or other physical facilities in South Dakota.

2.1.1 The services provided by IDT are not part of a joint undertaking with any other entity providing telecommunications channels, facilities, or services, but may involve the resale of the Message Toll Services (MTS) and Wide Area Telecommunications Services (WATS) of underlying common carriers subject to the jurisdiction of this Commission.

2.1.2 The rates and regulations contained in this tariff apply only to the resale services furnished by IDT and do not apply, unless otherwise specified, to the lines, facilities, or services provided by a local exchange telephone company or other common carriers for use in accessing the services of IDT .

2.1.3 The Company reserves the right to limit the length of communications, to discontinue furnishing services, or limit the use of service necessitated by conditions beyond its control, including, without limitation: lack of satellite or other transmission medium capacity; the revision, alteration or repricing of the Underlying Carrier's tariffed offerings; or when the use of service becomes or is in violation of the law or the provisions of this tariff.

2.2 Use of Services

2.2.1 IDT 's services may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications facilities utilized in the provision of services, subject to any limitations set forth in this Section 2.2.

2.2.2 The use of IDT 's services to make calls which might reasonably be expected to frighten, abuse, torment, or harass another or in such a way as to unreasonably interfere with use by others is prohibited.

2.2.3 The use of IDT 's services without payment for service or attempting to avoid payment for service by fraudulent means or devices, schemes, false or invalid numbers, or false calling or credit cards is prohibited.

2.2.4 IDT 's services are available for use twenty-four hours per day, seven days per week.

2.2.5 IDT does not transmit messages, but the services may be used for that purpose.

2.2.6 IDT 's services may be denied for nonpayment of charges or for other violations of this tariff.

2.2.7 Customers shall not use the service provided under this tariff for any unlawful purpose.

2.2.8 The Customer is responsible for notifying the Company immediately of any unauthorized use of services.

2.3 Liability of the Company

2.3.1 The Company shall not be liable for any claim, loss, expense or damage for any interruption, delay, error, omission, or defect in any service, facility or transmission provided under this tariff, if caused by the Underlying Carrier, an act of God, fire, war, civil disturbance, act of government, or due to any other causes beyond the Company's control.

2.3.2 The Company shall not be liable for, and shall be fully indemnified and held harmless by the Customer against any claim, loss, expense, or damage for defamation, libel, slander, invasion, infringement of copyright or patent, unauthorized use of any trademark, trade name or service mark, proprietary or creative right, or any other injury to any person, property or entity arising out of the material, data or information transmitted.

2.3.3 No agent or employee of any other carrier or entity shall be deemed to be an agent or employee of the Company.

2.3.4 The Company's liability for damages, resulting in whole or in part from or arising in connection with the furnishing of service under this tariff, including but not limited to mistakes, omissions, interruptions, delays, errors, or other defects or misrepresentations shall not exceed an amount equal to the charges provided for under this tariff for the long distance call for the period during which the call was affected. No other liability in any event shall attach to the Company.

2.3.5 The Company shall not be liable for and shall be indemnified and saved harmless by any Customer or by any other entity from any and all loss, claims, demands, suits, or other action or any liability whatsoever, whether suffered, made, instituted, or asserted by any Customer or any other entity for any personal injury to, or death of, any person or persons, and for any loss, damage, defacement or destruction of the premises of any Customer or any other entity or any other property whether owned or controlled by the Customer or others.

2.3.6 The Company shall not be liable for any indirect, special, incidental, or consequential damages under this tariff including, but not limited to, loss of revenue or profits, for any reason whatsoever, including the breakdown of facilities associated with the service, or for any mistakes, omissions, delays, errors, or defects in transmission occurring during the course of furnishing service.

2.3.7 The remedies set forth herein are exclusive and in lieu of all other warranties and remedies, whether express, implied, or statutory, INCLUDING WITHOUT LIMITATION IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

2.4 Responsibilities of the Customer

2.4.1 The Customer is responsible for placing any necessary orders and complying with tariff regulations. The Customer is also responsible for the payment of charges for services provided under this tariff.

2.4.2 The Customer is responsible for charges incurred for special construction and/or special facilities which the Customer requests and which are ordered by IDT on the Customer's behalf.

2.4.3 If required for the provision of IDT 's services, the Customer must provide any equipment space, supporting structure, conduit and electrical power without charge to IDT .

2.4.4 The Customer is responsible for arranging access to its premises at times mutually agreeable to IDT and the Customer when required for IDT personnel to install, repair, maintain, program, inspect or remove equipment associated with the provision of IDT 's services.

2.4.5 The Customer shall cause the temperature and relative humidity in the equipment space provided by Customer for the installation of IDT 's equipment to be maintained within the range normally provided for the operation of microcomputers.

2.4.6 The Customer shall ensure that the equipment and/or system is properly interfaced with IDT 's facilities or services, that the signals emitted into IDT 's network are of the proper mode, bandwidth, power and signal level for the intended use of the subscriber and in compliance with criteria set forth in this tariff, and that the signals do not damage equipment, injure personnel, or degrade service to other Customers. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, IDT will permit such equipment to be connected with its channels without the use of protective interface devices. If the Customer fails to maintain the equipment and/or the system properly, with resulting imminent harm to IDT equipment, personnel or the quality of service to other Customers, IDT may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, IDT may, upon written notice, terminate the Customer's service.

2.4.7 The Customer must pay IDT for replacement or repair of damage to the equipment or facilities of IDT caused by negligence or willful act of the Customer or others, by improper use of the services, or by use of equipment provided by Customer or others.

2.4.8 The Customer must pay for the loss through theft of any IDT equipment installed at Customer's premises.

2.4.9 If IDT installs equipment at Customer's premises, the Customer shall be responsible for payment of any applicable installation charge.

2.4.10 The Customer must use the services offered in this tariff in a manner consistent with the terms of this tariff and the policies and regulations of all state, federal and local authorities having jurisdiction over the service.

2.5 Cancellation or Interruption of Services

2.5.1 Without incurring liability, upon five (5) working days' (defined as any day on which the company's business office is open and the U.S. Mail is delivered) written notice to the Customer, IDT may immediately discontinue services to a Customer or may withhold the provision of ordered or contracted services:

2.5.1.A For nonpayment of any sum due IDT for more than thirty (30) days after issuance of the bill for the amount due,

2.5.1.B For violation of any of the provisions of this tariff,

2.5.1.C For violation of any law, rule, regulation, policy of any governing authority having jurisdiction over IDT 's services, or

2.5.1.D By reason of any order or decision of a court, public service commission or federal regulatory body or other governing authority prohibiting IDT from furnishing its services.

2.5.2 Without incurring liability, IDT may interrupt the provision of services at any time in order to perform tests and inspections to assure compliance with tariff regulations and the proper installation and operation of Customer and IDT 's equipment and facilities and may continue such interruption until any items of noncompliance or improper equipment operation so identified are rectified.

2.5.3 Service may be discontinued by IDT without notice to the Customer, by blocking traffic to certain countries, cities or NXX exchanges, or by blocking calls using certain Customer authorization codes, when IDT deems it necessary to take such action to prevent unlawful use of its service. IDT will restore service as soon as it can be provided without undue risk, and will, upon request by the Customer affected, assign a new authorization code to replace the one that has been deactivated.

2.5.4 The Customer may terminate service upon thirty (30) days written notice for the Company's standard month to month contract. Customer will be liable for all usage on any of the Company's service offerings until the Customer actually leaves the service. Customers will continue to have Company usage until the Customer notifies its local exchange carrier and changes its long distance carrier. Until the Customer so notifies its local exchange carrier, it shall continue to generate and be responsible for long distance usage.

2.6 Credit Allowance

2.6.1 Credit allowance for the interruption of service which is not due to the Company's testing or adjusting, negligence of the Customer, or to the failure of channels or equipment provided by the Customer, are subject to the general liability provisions set forth in 2.3 herein. It shall be the obligation of the Customer to notify the Company immediately of any interruption in service for which a credit allowance is desired. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission by the Customer within his control, or is not in wiring or equipment, if any, furnished by the Customer and connected to the Company's facilities.

2.6.2 No credit is allowed in the event that service must be interrupted in order to provide routine service quality or related investigations.

2.6.3 Credit for failure of service shall be allowed only when such failure is caused by or occurs due to causes within the control of the Company or in the event that the Company is entitled to a credit for the failure of the facilities of the Company's Underlying Carrier used to furnish service.

2.6.4 Credit for interruption shall commence after the Customer notifies the Company of the interruption or when the Company becomes aware thereof, and ceases when service has been restored.

2.6.5 For purposes of credit computation, every month shall be considered to have 720 hours.

2.6.6 No credit shall be allowed for an interruption of a continuous duration of less than two hours.

2.6.7 The Customer shall be credited for an interruption of two hours or more at the rate of 1/720th of the monthly charge for the facilities affected for each hour or major fraction thereof that the interruption continues.

Credit Formula:

$$\text{Credit} = \frac{A}{720} \times B$$

"A" - outage time in hours
"B" - monthly charge for affected activity

2.7 Restoration of Service

The use and restoration of service shall be in accordance with the priority system specified in part 64, Subpart D of the Rules and Regulations of the Federal Communications Commission.

2.8 Deposit

The Company does not require deposits.

2.9 Advance Payments

The Company does not require advance payments.

2.10 **Payment and Billing**

2.10.1 Service is provided and billed on a billing cycle basis, beginning on the date that service becomes effective. Billing is payable upon receipt. Interest at the rate of 1.5% per billing cycle, or the amount otherwise authorized by law, whichever is lower, will accrue upon any unpaid amount commencing 30 days after rendition of bills.

2.10.2 The customer is responsible for payment of all charges for services furnished to the Customer, as well as to all persons using the Customer's codes, exchange lines, facilities, or equipment, with or without the knowledge or consent of the Customer. The security of the Customer's Authorization Codes, presubscribed exchange lines, and direct connect facilities is the responsibility of the Customer. All calls placed using direct connect facilities, presubscribed exchange lines, or Authorization Codes will be billed to and must be paid by the Customer. Recurring charges and non-recurring charges are billed in advance. The initial billing may, at Company's option, also include one month's estimated usage billed in advance. Thereafter, charges based on actual usage during a month and any accrued interest will be billed monthly in arrears.

2.10.3 All bills are presumed accurate, and shall be binding on the customer unless objection is received by the Company in writing within 30 days after such bills are rendered. No credits, refunds, or adjustments shall be granted if demand therefore is not received by the Company in writing within such 30 day period.

2.11 **Collection Costs**

In the event Company is required to initiate legal proceedings to collect any amounts due to Company for regulated or non-regulated services, equipment or facilities, or to enforce any judgment obtained against a Customer, or for the enforcement of any other provision of this tariff or applicable law, Customer shall, in addition to all amounts due, be liable to Company for all reasonable costs incurred by Company in such proceedings and enforcement actions, including reasonable attorneys' fees, collection agency fees or payments, and court costs. In any such proceeding, the amount of collection costs, including attorneys' fees, due to the Company, will be determined by the court.

2.12 **Taxes**

All federal, state and local taxes, assessments, surcharges, or fees, including sales taxes, use taxes, gross receipts taxes, and municipal utilities taxes, are billed as separate line items and are not included in the rates quoted herein, except as described for prepaid calling card service.

2.13 **Late Charge**

A late fee of 1.5% monthly or the amount otherwise authorized by law, whichever is lower, will be charged on any past due balances.

2.14 **Returned Check Charge**

A fee of $15.00 will be charged whenever a check or draft presented for payment for service is not accepted by the institution on which it is written.

SECTION 3 - DESCRIPTION OF SERVICE

3.1 Computation of Charges

3.1.1 The total charge for each completed call may be a variable measured charge dependent on the duration, distance and time of day of the call. The total charge for each completed call may also be dependent only on the duration of the call, i.e. a statewide flat rate per minute charge. The variable measured charge is specified as a rate per minute which is applied to each minute. 1+ Dialing and 800 Service calls are measured in six second increments. Travel Cards and Prepaid Calling Cards are measured in one minute increments. All calls are rounded up to the next whole increment.

3.1.2 Where mileage bands appear in a rate table, rates for all calls are based upon the airline distance between the originating and terminating points of the call, as determined by the vertical and horizontal coordinates associated with the exchange (the area code and three digit central office code) associated with the originating and terminating telephone numbers. If the Customer obtains access to the Company's network by a dedicated access circuit, that circuit will be assigned an exchange for rating purposes based upon the Customer's main telephone number at the location where the dedicated access circuit terminates. The vertical and horizontal (V & H) coordinates for each exchange and the airline distance between them will be determined according to industry standards.

3.1.3 Timing begins when the called station is answered and two way communication is possible, as determined by standard industry methods generally in use for ascertaining answer, including hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio tone detection. Recognition of answer supervision is the responsibility of the Underlying Carrier. Timing for each call ends when either party hangs up. IDT will not bill for uncompleted calls.

3.2 Customer Complaints and/or Billing Disputes

Customer inquiries or complaints regarding service or accounting may be made in writing or by telephone to the Company at:

294 State Street
Hackensack, NJ 07601
(800) 221-0756

Any objection to billed charges should be reported promptly to IDT . Adjustments to Customers' bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate. Where overbilling of a subscriber occurs, due either to Company or subscriber error, no liability exists which will require the Company to pay any interest, dividend or other compensation on the amount overbilled.

The Company will respond within seventy two (72) hours of receipt of an inquiry. If the Customer is dissatisfied with the Company's response to a complaint or inquiry, the Customer may file the Commission for resolution of the conflict. The South Dakota Public Utilities Commission can be reached at:

500 East Capitol
Pierre, SD 57501-5070
(605) 773-3201
(800) 332-1782

If a Customer accumulates more than One Hundred Dollars ($100.00) of undisputed delinquent IDT 800 Service charges, the IDT Resp. Org. reserves the right not to honor that Customer's request for a Resp. Org. change until such undisputed charges are paid in full.

3.3 Level of Service

A Customer can expect end to end network availability of not less than 99% at all times for all services.

3.4 Billing Entity Conditions

When billing functions on behalf of IDT or its intermediary are performed by local exchange telephone companies or others, the payment of charge conditions and regulations of such companies and any regulations imposed upon these companies by regulatory bodies having jurisdiction apply. IDT 's name and toll-free telephone number will appear on the Customer's bill.

3.5 Service Offerings

3.5.1 1+ Dialing

The customer utilizes "1+" dialing, or "10XXX" dialing followed by "1 + ten digits" for interLATA calls, or dials "10XXX" followed by "1 + 7 digits" or "1 + 10 digits" for intraLATA calls.

3.5.2 Travel Cards.

The Customer utilizes an 11 digit "800" access number established by IDT to access a terminal. Upon receiving a second dialtone, the Customer uses push button dialing to enter an identification code assigned by the Company, followed by the ten digit number of the called party.

3.5.3 800 Service (Toll free).

This service is a direct access, incoming only, usage sensitive WATS offering requiring a dedicated access line for use. This is a service whereby a Customer can be billed at reduced rates for calls to his premises.

3.5.4 IDT Prepaid Calling Cards.

This service permits use of IDT Prepaid Calling Cards for placing long distance calls. Customers may purchase IDT Prepaid Calling Cards at a variety of retail outlets or through other distribution channels. IDT Prepaid Calling Cards are available at a variety of face values ranging from five dollars ($5.00), in one dollar ($1.00) increments. IDT Prepaid Calling Card service is accessed using the IDT toll-free number printed on the card. The caller is prompted by an automated voice response system to enter his/her Authorization Code, and then to enter the terminating telephone number. IDT 's processor tracks the call duration on a real time basis to determine the number of Telecom Units consumed. The total consumed Telecom Units for each call, which includes applicable taxes, is deducted from the remaining Telecom Unit balance on the Customer's IDT Prepaid Calling Card.

All calls must be charged against an IDT Prepaid Calling Card that has a sufficient Telecom Unit balance. A Customer may purchase IDT Prepaid Calling Cards with a credit card which are automatically recharged. The cards will be recharged at a Telecom Unit balance predesignated by the Customer. A Customer may also purchase IDT Prepaid Calling Cards which are not automatically recharged, and calls will be interrupted when the balance on such cards reaches zero.

For IDT Prepaid Calling Cards which are not automatically recharged, in order to continue the call, the Customer can either call the toll-free number on the back of the IDT Prepaid Calling Card and "recharge" the balance on the card using a nationally recognized credit card, or the Customer can throw the card away and purchase a new one. Calls in progress will be terminated by the Company if the balance on the IDT Prepaid Calling Card is insufficient to continue the call.

A card will expire 12 months from the date of purchase, or the date of last recharge, whichever is later.

A credit allowance for IDT Prepaid Calling Card Service is applicable to calls that are interrupted due to poor transmission, one-way transmission, or involuntary disconnection of a call. A Customer may also be granted credit for reaching a wrong number. To receive the proper credit, the Customer must notify the Company at the designated toll-free customer service number printed on the IDT Prepaid Calling Card and furnish the called number, the trouble experienced (e.g. cut-off, noisy circuit, reached wrong number, etc.), and the approximate time that the call was placed.

When a call charged to an IDT Prepaid Calling Card is interrupted due to cut-off, one-way transmission, or poor transmission conditions, the Customer will receive a credit equivalent of one Telecom Unit.

Credit allowances for calls pursuant to IDT Prepaid Card Service do not apply for interruptions not reported promptly to the Company or interruptions that are due to the failure of power, equipment or systems not provided by the Company.

Credit for failure of service shall be allowed only when such failure is caused by or occurs due to causes within the control of the Company.

The Company will block all calls beginning with the NPA "900" and NXX "976" calls, therefore such calls can not be completed.

3.5.5 Local Calls and Directory Assistance.

Local calls will not be accepted or completed. IDT does not provide local directory assistance. Access to long distance directory assistance is obtained by dialing 1 + 555-1212 for listings within the originating area code and 1 + (area code) + 555-1212 for other listings. When more than one number is requested in a single call, a charge may apply for each number requested. A charge will be applicable for each number requested, whether or not the number is listed or published.

3.5.6 Specialized Pricing Arrangements.

Customized service packages and competitive pricing packages at negotiated rates may be furnished on a case-by-case basis in response to requests by Customers to the Company for proposals or for competitive bids. Service offered under this tariff provision will be provided to Customers pursuant to contract. Unless otherwise specified, the regulations for such arrangements are in addition to the applicable regulations and prices in other sections of the tariff. Specialized rates or charges will be made available to similarly situated Customers on a non-discriminatory basis.

3.5.7 Emergency Call Handling Procedures

Emergency "911" calls are not routed to company, but are completed through the local network at no charge.

3.5.8 Promotional Offerings

The Company may, from time to time, make promotional offerings to enhance the marketing of its services. These offerings may be limited to certain dates, times and locations. The Company will notify the Commission of such offerings as required by Commission rules and regulations.

SECTION 4 - RATES

4.1 1 + Dialing

IDT will charge a flat rate per minute with no time of day discounts and without regard to mileage for calls originating and terminating in South Dakota as follows:

$0.145

4.2 Travel Cards

IDT will charge the following for calls originating and terminating in South Dakota as follows:

$0.25

4.3 800 Service

IDT will charge a flat rate per minute with no time of day discounts and without regard to mileage for calls originating and terminating in South Dakota as follows:

$0.145

4.4 Prepaid Calling Cards

Prepaid Calling Cards are available in various Telecom Unit dollar denominations.

Denomination	Price Per Telecom Unit
$25 - $99	$.25
$100 - $249	$.19
$250 & over	$.17

Cards will be decremented by one Telecom Unit for each minute or fractional part of a minute for intrastate calls. These rates apply twenty-four hours per day, seven days per week.

4.5 Rate Periods

	Monday - Friday	Sat.	Sun.
8 a.m. to 5 p.m.*	Daytime Rate Period		
5 p.m. to 11 p.m.*	Evening Rate Period		Evening Rate Period
11 p.m. to 8 a.m.*	Night/Weekend Rate Period		

* To, but not including

When a message spans more than one rate period, total charges for the minutes in each rate period are calculated and the results for each rate period are totaled to obtain the total message charge. If the calculation results in a fractional charge, the amount will be rounded down to the lower cent.

4.6 Directory Assistance Charges

A charge per number requested will be $.75

4.7 Returned Check Charge

$20.00

0142.40.80

IDT CORP.
294 STATE STREET
HACKENSACK NJ 07601

4387

4/2 1997

3-168/319
38875

PAY TO THE ORDER OF South Dakota Public Utilities Comm $ 250 00/100

Two hundred fifty and 00/100 DOLLARS

FIRST UNION

First Union National Bank
Chester, PA

FOR filing fee

⑈004387⑈ ⑆031901686⑆ 2079950015213⑈

TC97-041	Application by One Step Billing Inc for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota (Staff TS/KC) "Applicant seeks authority to offer a full range of 1+ interexchange telecommunications services on a resale basis Specifically Applicant seeks authority to provide MTS out-WATS in-WATS and calling card services Applicant does not intend to provide operator services 900 or 700 services"	04/15/97	05/02/97
TC97-043	Application by Association Administrators Inc for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota (Staff TS/KC) "Applicant is a switchless reseller which intends to offer 1+ direct dialing 800 toll free and travel card (no prepaid calling cards) service through resale of telephone services provided by facilities-based interexchange carriers"	04/17/97	05/02/97
LOCAL EXCHANGE COMPANY COMPLIANCE WITH FCC PAYPHONE ORDERS			
TC97-039	Petition of MCI and AT&T to Certify all LECs as to Compliance With FCC Payphone Orders MCI and AT&T hereby file this petition to investigate compliance of all certificated local exchange companies (LECs) with the Federal Communications Commission (FCC) orders on payphone reclassification Specifically MCI and AT&T request that the Commission determine and certify whether all certificated LECs have met all state-specific requirements identified in the FCC's orders	04/14/97	05/02/97
WAIVER OF SWITCHED ACCESS RULES			
TC97-042	Petition of the independent telephone companies that have purchased U S WEST exchange areas for an extension of the waiver of the switched access rules which the Commission granted as part of its final Order approving the sale of U S WEST exchanges The Commission approved a composite switched access rate of 7 cents per minute of use "The rate, which was stipulated to within the purchase agreements between U S WEST and [the purchasing] companies was accepted by the Commission and approved as a reasonable interim rate in recognition of the fact that no rate could be established pursuant to the Commission's switched access rules (ARSD Chapters 20 10 27 to 20 10 29) until each of the purchasing companies had operated the transferred exchange areas for at least a one-year time period Because [the purchasing] companies have not yet operated the acquired exchanges for one year, it is necessary to request from the Commission an extension of the waiver previously granted in the exchange sale dockets Based on the following the [purchasing] companies request an extension of the waiver until such time that cost studies based on 1997 calendar year operations can be provided"	04/15/97	05/02/97

Important Notice The Commission is compiling a list of internet addresses If you have an internet address please notify the Commission by E-mailing it to Terry Norum at terryn@puc.state.sd.us Faxing the address to the Commission at 605-773-3809

South Dakota
Public Utilities Commission
State Capitol 500 E. Capitol
Pierre, SD 57501-5070
Phone: (800) 332-1782
Fax: (605) 773-3809

TELECOMMUNICATIONS SERVICE FILINGS

These are the telecommunications service filings that the Commission has received for the period of

04/11/97 through 04/17/97

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five days of this filing.

DOCKET NUMBER	TITLE/STAFF/SYNOPSIS	DATE FILED	INTERVENTION DEADLINE
REQUEST FOR CERTIFICATE OF AUTHORITY			
TC97-036	Application by IDT Corporation for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota (Staff TS/CH) "Applicant is a switchless reseller which intends to offer 1+ direct dialing, 800 toll free, travel card, and prepaid calling card service through the resale of telephone services provided by facilities-based interexchange carriers"	04/11/97	05/02/97
TC97-037	Application by America's Tele-Network Corp for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota (Staff TS/KC) "Intrastate interLATA and, where permitted, intraLATA telecommunication services will be offered to the public on a resale basis The Company provides service to commercial enterprises and residential customers This application does not seek authority at this time to provide any form of operator services nor any service to pay phones"	04/11/97	05/02/97
TC97-038	Application by LDM Systems Inc for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota (Staff DJ/CH) "Applicant respectfully seeks to amend its Certificate of [Authority] to permit it to provide resold local exchange services in the state of South Dakota The specific manner in which Applicant will provide local exchange service depends upon the result of negotiations with the incumbent local exchange carriers currently operating within the State Applicant seeks authority to resell local exchange service in the existing service areas of U S WEST and any other relevant carriers Applicant is unable to file a proposed tariff As soon as such rates are available, and prior to the commencement of service, Applicant shall file a proposed tariff (containing its rates, terms and conditions of service) with the Commission for its review"	04/14/97	05/02/97
TC97-040	Application by Tel-Save Inc d/b/a The Phone Company for a Certificate of Authority to operate as a telecommunications company within the state of South Dakota (Staff DJ/CH) "Applicant is a reseller which intends to offer all local services provided by the incumbent LECs Tel-Save seeks authority to resell local exchange services throughout the state of South Dakota in the areas served by any LECs in South Dakota that are not eligible for a small or rural carrier exemption pursuant to Section 251(f)(1) of the Federal Act Tel-Save does not seek to provide resold services to customers in those small or rural territories at this time Applicant will file a copy of its proposed tariff upon completion of negotiations for interconnection"	04/15/97	05/02/97

TC97-036

State of South Dakota

RECEIVED
MAY 1997
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

OFFICE OF THE SECRETARY OF STATE

CERTIFICATE OF AUTHORITY

I, JOYCE HAZELTINE, Secretary of State of the State of South Dakota, hereby certify that the Application for a Certificate of Authority of IDT CORPORATION (DE) to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I hereby issue this Certificate of Authority and attach hereto a duplicate of the application to transact business in this state under the name of IDT CORPORATION.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this April 28, 1997.

Joyce Hazeltine

JOYCE HAZELTINE
Secretary of State

SWIDLER
&
BERLIN
CHARTERED

ORIGINAL

March 24, 1998

RECEIVED

MAR 25 1998

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

FAX Received MAR 24 1998

VIA OVERNIGHT DELIVERY
AND FACSIMILE

Mr. William Bullard, Jr., Executive Director
South Dakota Public Utilities Commission
500 East Capitol
State Capitol Building
Pierre, South Dakota 57501

Re: **SD PUC Docket No. TC 97-036** -- Application of IDT Corporation for a Certificate of Authority to Provide Telecommunications Services in South Dakota

Dear Mr. Bullard:

IDT Corporation ("IDT"), by its counsel, and pursuant to discussions today with Tammi Stangohr and Camron Hoseck of the Commission's Staff, hereby withdraws without prejudice its application for a Certificate of Authority to Provide Telecommunications Provider in South Dakota. IDT has decided to withdraw its application at this time, without prejudice to the ability of the Company to refile the application at a later date when its business plans permit it to concentrate its efforts on obtaining initial certification in this state.

An original and ten (10) copies of this filing are submitted herewith. Also enclosed is an extra copy of this letter for date-stamping and return by the Commission in the self-addressed, postage prepaid envelope.

Should you have any questions concerning this filing, please do not hesitate to contact the undersigned.

Very truly yours,

Kim Rosenthal

William B. Wilhelm, Jr.
Kimberly A. Rosenthal

Counsel for IDT Corporation

cc: Diane Clark, Esq.
Margaret M. Charles, Esq.

232601.1

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF IDT CORPORATION FOR A CERTIFICATE OF AUTHORITY TO PROVIDE TELECOMMUNICATIONS SERVICES IN SOUTH DAKOTA	)))))	**ORDER CLOSING DOCKET** **TC97-036**

On April 11, 1997, IDT Corporation (IDT) filed an application with the Public Utilities Commission (Commission) for a certificate of authority to operate as a telecommunications company within the state of South Dakota.

On March 24, 1998, IDT requested that its request for a certificate of authority be withdrawn.

At its regularly scheduled March 26, 1998, meeting, the Commission considered this matter. The Commission has jurisdiction over this matter pursuant to SDCL 49-31-3 and ARSD Chapter 20:10:24. The Commission found that IDT's request to withdraw its request for a certificate of authority is reasonable and closed the docket. It is therefore

ORDERED that this docket is closed.

Dated at Pierre, South Dakota, this 6th day of April, 1998.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By Delaine Kolbo

Date 4/7/98

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION

James A. Burg

JAMES A. BURG, Chairman

Pam Nelson

PAM NELSON, Commissioner

Laska Schoenfelder

LASKA SCHOENFELDER, Commissioner