



2005 Annual Report

We see  
opportunity  
where others  
don't

“A pessimist sees the difficulty in every opportunity;  
an optimist sees the opportunity in every difficulty.”

Sir Winston Churchill

“There are no great limits to growth because there are no limits of  
human intelligence, imagination, and wonder.”

Ronald Reagan

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“Luck is what happens when preparation meets opportunity.”

Seneca, Roman philosopher

“Men make history, and not the other way around. In periods where  
there is no leadership, society stands still. Progress occurs when courageous,  
skillful leaders seize the opportunity to change things for the better.”

Harry S. Truman

“In the middle of difficulty lies opportunity.”

Albert Einstein

“Individual commitment to a group effort—  
that is what makes a team work,  
a company work, a society work, a civilization work.”

Vince Lombardi

We see opportunity where others don't. We know where and how to look for it. We have the vision to recognize it. We have the entrepreneurial spirit to believe in it. We are not afraid of the challenges it presents. We are willing to seize opportunity and work hard to make it fulfill its promise. We are filled with the relentless determination to achieve what others are not willing or able to achieve. We are 5,400 people in 17 countries on five continents working in industries as diverse as retail and wholesale telecommunications, entertainment, energy, VoIP, wireless services, radio, local media and real estate. **We are IDT.**

## To our shareholders, employees, customers and friends:

This is a special year for all of us at IDT. Once again, a year has come and gone without the long-prophesied telecom recovery emerging. Throughout the industry, consolidation and layoffs rule the boardroom. Turmoil surrounds us, but IDT thrives. We owe this to our employees, who embody the words of Sir Winston Churchill, "A pessimist sees the difficulty in every opportunity; an optimist sees the opportunity in every difficulty." Their uncommon combination of determination and creativity has helped us manage costs and open up new business lines.

2005 marks the fifteenth year since IDT was founded. In that time, our annual revenues have soared to nearly \$2.5 billion. Looking back, I only dreamed that we might be where we are now. The marketplace is always changing and we have grown our business by changing with it. Looking forward, we will capitalize on our strong

distribution to, and understanding of, our core Hispanic customers to broaden the range of products and services we offer them, including education, finance, and entertainment.

2005 also marks our tenth year as a public company. This gives me the pleasure of once again reporting that we have hit new records in the number of minutes sold, in revenues, and in local and long-distance service penetration.

Today, the same inefficiencies that enabled our rise in the wholesale telecom market plague the energy market. We will take advantage of these inefficiencies to expand into the energy market, hoping to generate hundreds of millions of dollars of revenue in just the next few years alone.

2005 is also the fifth year since our stock debuted on the NYSE. In that time, our fledgling entertainment division has grown into a nearly \$200 million business, and is now profitable. In the coming years, we expect to leverage our strong position in computer-generated animation with high artistic values and compelling storylines to gain a foothold in the rapidly growing market for animated feature films.

This is a special year and IDT is a special company. None of this would have been possible without the hard work and dedication of our employees. On the following pages, we will explain what we have accomplished in this past year and what we can look forward to in the years to come.



Howard S. Jonas  
Chairman of the Board

The cornerstone of IDT's success is our ability to benefit from bringing fairness and accountability to monopolized and opaque industries. This foundation drives not only our business, but our commitment to our customers, our employees and our shareholders. Today, fifteen years after the company was founded, I look back at all we have done, and am amazed at what we are poised to accomplish. IDT is a twenty-first century company, growing and changing with the world around us. Our commodity is not steel or concrete, but communication, and the past ten years have shown us that, in this new century, what we offer is every bit as valuable as coal and iron were to decades past.

IDT is a company that generates new ideas. Our employees were pioneers in Internet telephony in 1995. Today, every telecommunications company is forced to consider the impact of Internet telephony. We continue to find new uses for our information capabilities and our human resources. While nineteenth-century industries placed value on brawn, our endeavors require more from our employees: intelligence, flexibility, and new skills. To ensure the success of our ventures, we provide our employees with tuition reimbursements and training. Our human capital is a unique asset, paying unique dividends.

Last year, I predicted that the improvements we had made to IDT Entertainment would increase shareholder value for years to come, and we are just beginning to realize that promise. IDT Entertainment nearly doubled its revenues from the prior year and saw an operating profit of \$7.5 million. I look forward to being able to say the same of other ventures being incubated within the company.

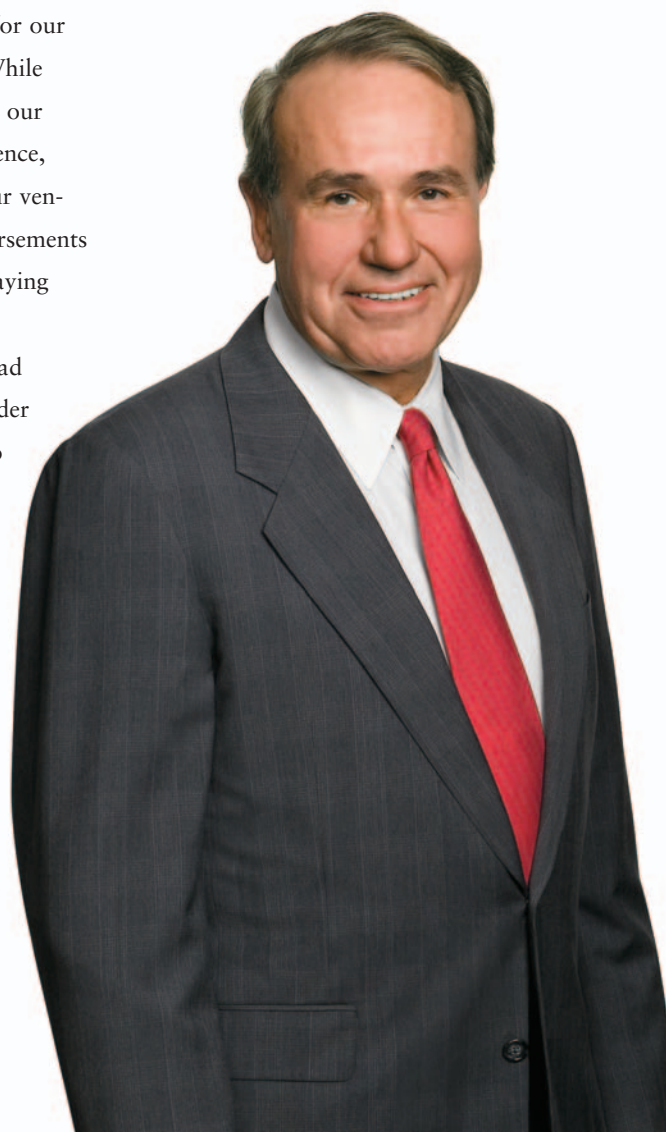
In keeping with our strategy of smart growth and careful management of our operations, this year we have shed unprofitable divisions. Do not mistake our commitment: IDT will not abandon ventures that are not profitable in the short term,

if we believe that they will bear fruit in the long term. Do not fear irrational exuberance: we will not subsidize ventures that have proven themselves unsuccessful. We do not fear failure. Those who have never failed, have never strived.

I cannot promise you success in every venture, but I can promise that IDT will explore every opportunity to grow, to benefit our customers, and to bring value to our shareholders.



James A. Courter  
Vice Chairman and CEO



## IDT Corporation

is a Fortune 1000 company with a growing and diverse stable of companies operating in a variety of industries. IDT is organized into five operating divisions.



### IDT Telecom

IDT's largest operating division offers both retail and wholesale telecommunications services. This division alone generates \$2.2 billion in annual revenues. IDT Telecom offers its retail customers prepaid calling cards, consumer long distance, local and bundled phone services, and cell phones. We are one of the world's leading sellers of prepaid calling cards, selling an average of more than 33 million cards per month. Our wholesale segment carries our own international traffic as well as the international traffic of nearly each one of the world's largest telecommunications companies. Our international operations continue to show promising growth throughout Europe and Asia.

### IDT Entertainment

IDT Entertainment, our second largest division, consists primarily of animation and live-action production operations, and a home entertainment distribution business. Production focuses on four areas: proprietary computer-generated (CG) animated content for television and direct-to-DVD; developing live-action content for television and direct-to-DVD; producing our own CG animated feature films, such as *Yankee Irving*, which is scheduled for an August 2006 theatrical release; and providing production services for third parties, such as animating *The Simpsons* for Fox Entertainment. Anchor Bay Entertainment, our distribution subsidiary, remains a top distributor of independent videos, and is the largest distributor of TV shows on DVD to mass marketers.



## IDT Capital

IDT Capital is our incubator division. It is responsible for developing, growing and, in some cases, operating IDT's innovative new business ideas. IDT Capital is also charged with management or restructuring of existing IDT assets that are not related to either the telecom or entertainment industries. IDT Capital consists primarily of CTM Brochure Display, and our radio station, WMET 1160 AM in the Washington, DC market, which we have combined and now refer to as IDT Local Media, as well as IDT Energy, our call center operations and IDT Real Estate.



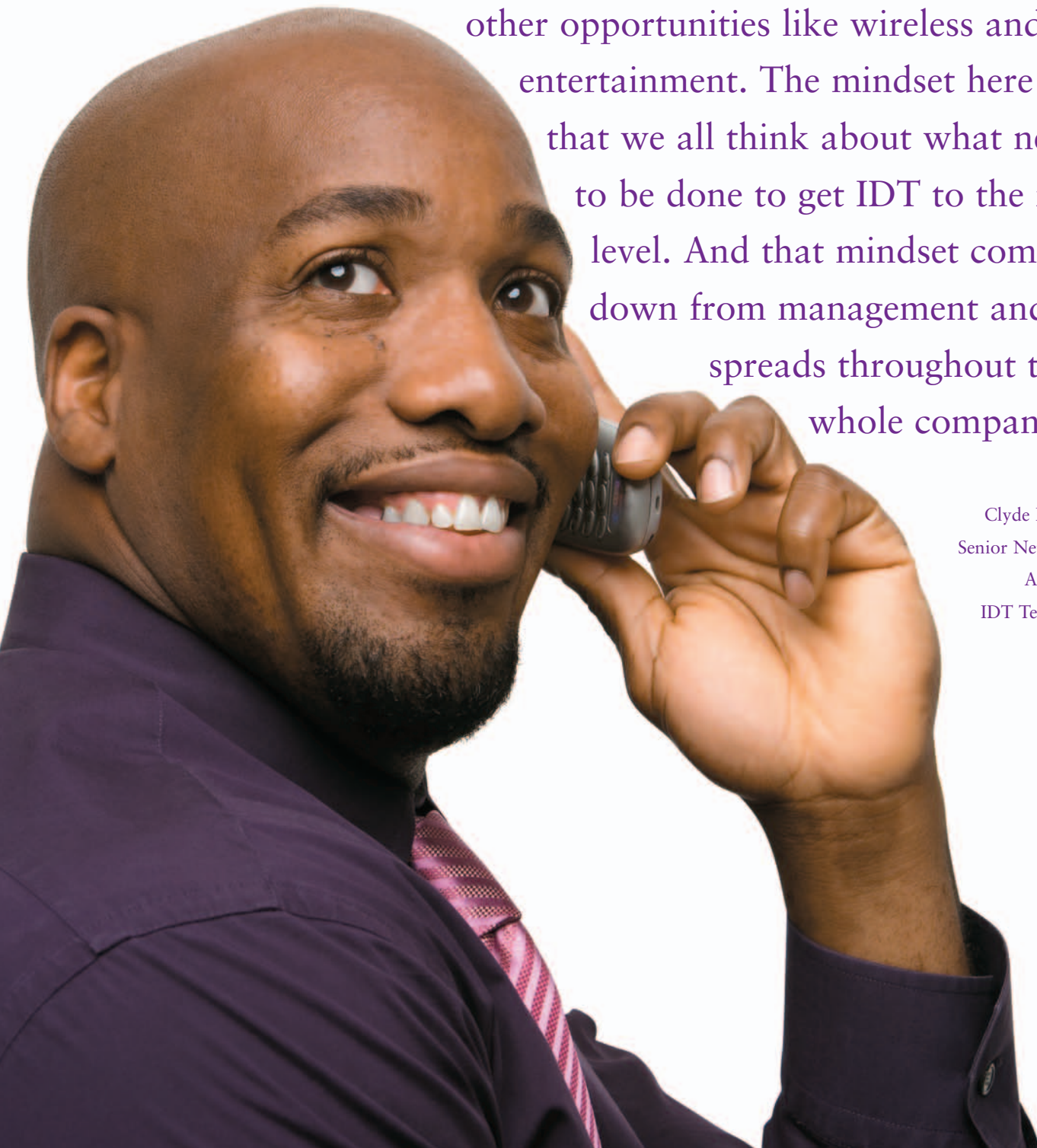
## IDT Spectrum

IDT Spectrum is the holder of a significant number of commercial fixed-wireless spectrum licenses that cover most of the U.S. population. Its licenses include at least 200 MHz of bandwidth in every U.S. market, with an average of 750 MHz of contiguous spectrum in the top 25 U.S. economic areas. IDT Spectrum is developing a fixed-wireless network platform that will integrate its wireless spectrum with IDT's proven operational management capabilities. With this integrated platform, we intend to provide customers, such as cellular phone operators, government agencies and first responders, with reliable, high-bandwidth connectivity at competitive prices and with reduced setup time as compared to wired solutions.



## Net2Phone

Since its inception in 1995, Net2Phone has established itself as a world leader in delivering voice services using Voice over Internet Protocol technology data networks. Net2Phone has signed service agreements with several cable operators in the U.S., Europe and Latin America. The company currently routes millions of minutes daily over data networks, saving consumers and businesses up to 90 percent off traditional long-distance rates. Net2Phone, incubated by IDT, is now a separate publicly held corporation whose common stock is traded on the NASDAQ National Market under the symbol "NTOF." IDT owns approximately 41 percent of Net2Phone and approximately 57 percent of its voting power.



**IDT Telecom** “The thing that strikes me about IDT is that we always have our eyes on the horizon; we’re always thinking about what we have to do to make the next great thing happen, while still working to perfect the things we’re already doing. We started with call-back, and then we migrated to calling cards. Once we captured those markets, we began looking for other opportunities like wireless and entertainment. The mindset here is that we all think about what needs to be done to get IDT to the next level. And that mindset comes down from management and spreads throughout the whole company.”

Clyde Pascal  
Senior Network  
Analyst  
IDT Telecom

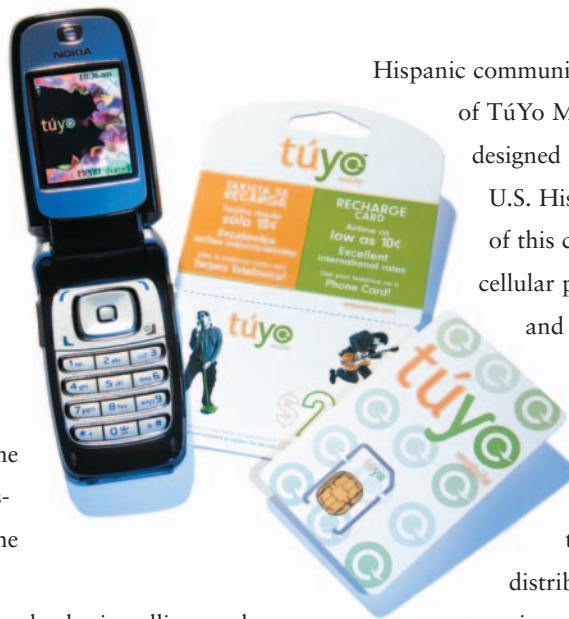


**I**DT Telecom is constantly opening new doors and discovering new opportunities. Unlike many of our competitors in this industry, we have a well-earned reputation for commitment to providing value to our customers. As an example of our ingrained instinct to look for business opportunities, IDT has been one of the few companies able to consistently channel, direct and expand the calling card industry.

Year after year, we are an industry leader in calling card distribution, selling 406 million cards worldwide in fiscal 2005. We also provide residential phone services to more than 650,000 customers worldwide. Additionally, we provide wholesale carrier services to over 500 other telecommunications companies.

Over the last few years, we have refined and upgraded the systems, platforms and technology that allow us to be one of the top three carriers of international telecom minutes in the world. We have exploited these core strengths by selling almost 24 billion telecom minutes last year. And we're working hard to provide new products to satisfy more of our customers' needs.

For example, we're providing an increased number of products to one of our core customer groups, the U.S.



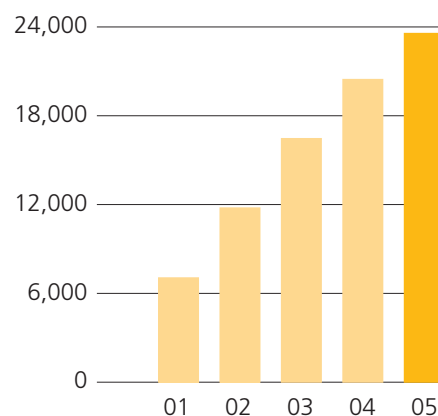
Hispanic community. We recently announced the launch of TúYo Mobile, a new prepaid wireless service designed for the mobile communications needs of U.S. Hispanics. When we saw that a segment of this community wanted to own their own cellular phones, we moved on that opportunity, and will leverage our existing distribution network into this market.

TúYo Mobile will tap IDT's considerable expertise, experience and infrastructure in the prepaid telecom market. We have unmatched distribution into over 300,000 neighborhood stores in urban markets; nationwide distribution in chain stores such as Kroger®, ExxonMobil®, Walgreens® and 7-Eleven®; an international long-distance network; and an innovative prepaid platform. Further, in the coming year we'll be capitalizing on our distribution in this market by offering a whole new suite of products such as educational English-as-a-second-language products, gift cards, money transfers and, of course, TúYo Mobile.

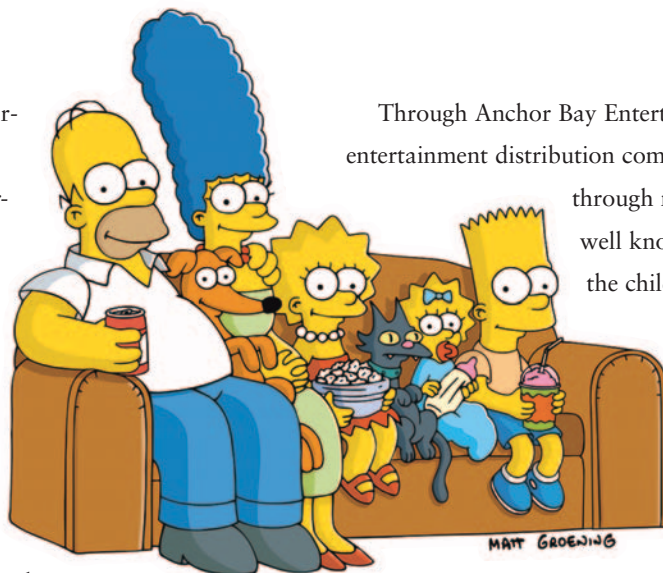
We see great opportunity internationally as well. In the United Kingdom, we continue to build the customer base for our Toucan® consumer phone, mobile phone and Internet access services. We plan to expand Toucan to other European markets, and have recently announced its launch in the Netherlands.

IDT Telecom continues to show strong growth, selling over 406 million calling cards worldwide annually, and increasing minutes of use every year. We also provide wholesale carrier services to other phone companies, market long-distance plans in the U.S., and offer local/long-distance bundled phone service in several states and the United Kingdom, and recently announced the launch of Toucan in the Netherlands. With our global switching facilities and fiber optic networks, IDT Telecom provided almost 24 billion minutes of use in fiscal 2005.

**IDT Telecom Minutes**  
(in thousands)



**I**DT Entertainment sees opportunities in promising niche markets, including computer-generated (CG) animated feature films. A successful G or PG animated film usually outsells live-action films when released to home video. Only a handful of CG films aimed at families are released in theatres each year, and those films' hearty box office results indicate strong demand.



Through Anchor Bay Entertainment, we are a leading home entertainment distribution company with a strong presence through mass marketers. Anchor Bay is well known for the breadth of its titles in the children's, fitness and horror genres.

Our Manga Entertainment division is a leading distributor of Japanese animation, known as Animé, to the home video market. During fiscal year 2005, Anchor Bay gained significant market share in the fast

growing TV on DVD category with properties such as *3<sup>rd</sup> Rock from the Sun*, *21 Jump Street*, and *Greatest American Hero*. Not many studios have what it takes to make a quality CG animated film. We intend to prove that IDT Entertainment has what it takes when we theatrically release our first CG animated feature, *Yankee Irving*, in August 2006. Our CG animated feature films will be distributed by Twentieth Century Fox®, DreamWorks® and Pixar® are the only other independent animation studios with such a broad distribution agreement.

Our Manga Entertainment division is a leading distributor of Japanese animation, known as Animé, to the home video market. During fiscal year 2005, Anchor Bay gained significant market share in the fast growing TV on DVD category with properties such as *3<sup>rd</sup> Rock from the Sun*, *21 Jump Street*, and *Greatest American Hero*.

This year IDT Entertainment also augmented its management team with proven industry veterans. IDT Entertainment Animation, our animation division, named Janet Healy its President of Animation, and Jerry Davis as Chief Creative Officer. Ms. Healy's credits include *Shark Tale*, *Tarzan*, *Mulan*, *Jurassic Park*, and *Terminator 2*, and Mr. Davis' include *Robots*, *Ice Age*, and *Iron Giant*. We named Neil Braun as President of our Feature Films and Television division. Mr. Braun previously served as President of NBC Television Network and CEO of Viacom Entertainment.

We believe that an increasing proportion of revenues from our video distribution business will come from proprietary projects as we continue to build our film library. Fiscal 2006's anticipated lineup of animated productions for the direct-to-video and broadcast markets includes: *The Happy Elf Christmas Special* with Harry Connick, Jr. on NBC; *Wow! Wow! Wubbzy* on Nickelodeon; *Me; Eloise*; Todd McFarlane's *Spawn*; Rob Zombie's *The Haunted World of El Superbeasto*; and Stan Lee Presents *Mosaic*. We are also producing live-action horror films, including the *Masters of Horror* series that will air on Showtime.

IDT Entertainment has yet another claim to fame: our contract animation services. Our Film Roman subsidiary has won 19 Emmy awards, and animates *The Simpsons* for Fox Entertainment.

The Simpsons™ & ©2005 Twentieth Century Fox Film Corporation All Rights Reserved.



**Yankee IRVING**

IDT Entertainment's CG animated feature film

*Yankee Irving* is already creating quite a buzz, and it won't even hit theaters until August 2006!

The late Christopher Reeve spearheaded the initial efforts to make this heartwarming adventure comedy about a young boy who travels on a quest to return Babe Ruth's bat before the crucial game of the 1932 World Series. The star-studded voice cast includes Rob Reiner, Whoopi Goldberg, Brian Dennehy, William H. Macy, Mandy Patinkin, Robert Wagner, Raven Symone and New York Yankees manager Joe Torre.

**IDT Entertainment** “I know that a lot of things our company does may be seen as unconventional, in terms of the different ways we approach new business ideas. And that drives me to be very quick on my feet; I need to come up with creative ideas and workflows in order to achieve the goals set for me, my job or the division itself. I have to admit, at first it was hard, but over the four years that I’ve been here, I realize that I’ve become a much better entrepreneurial thinker. The atmosphere here drives you to be innovative and rewards creative thinking.”

Trang Nguyen  
Chief Administrative Officer  
IDT Entertainment–Animation



**IDT Capital** “At IDT Capital, we explore projects that can create value for the company and our shareholders. In my area, we look at companies that we believe may fit in at IDT. We examine in depth whether these companies might be good candidates for acquisition. We have a very entrepreneurial environment and are encouraged to think freely. And I think it’s that encouragement and entrepreneurial atmosphere, which comes from the top down, that helps us produce very good results on a consistent basis.”

Lawrence Grossberger  
Business Development and Technology Research  
IDT Capital



**I**DT Capital is where we develop new businesses and ideas that will help to create increased shareholder value. It is through these budding opportunities that we hope to shape IDT's future. Unlike other Fortune 1000 companies, the time-to-market of a potential opportunity in IDT Capital is very fast. Building on the successful infrastructure of planning, modeling, budgeting, and all the numerous operational and organizational details of starting a new venture, IDT Capital is an ideal environment to create opportunity. This year's best example is IDT Energy. After seeing the potential in energy deregulation in New York State, we developed our energy business in-house to test its viability. Once we experienced the potential of that business, we consummated an acquisition and now expect the company to grow significantly in fiscal 2006.

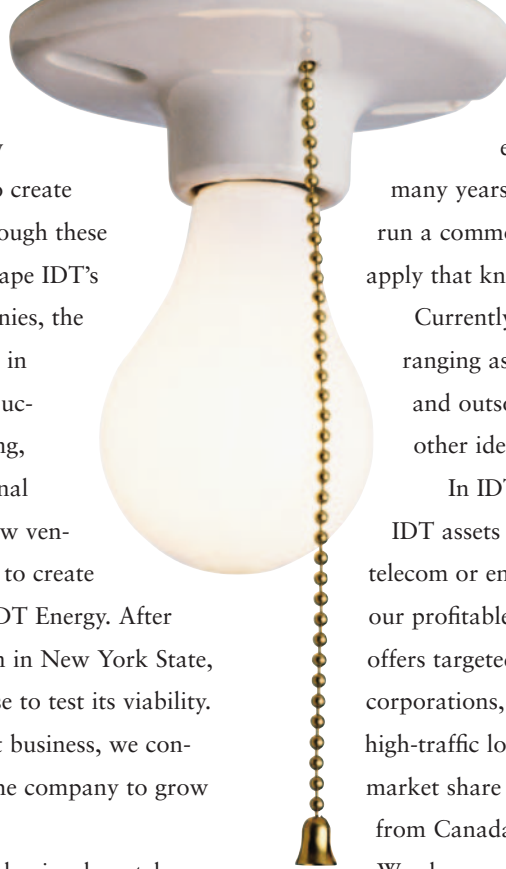
We believe that energy deregulation today is where telecom deregulation was ten years ago. Deregulated services are not yet available in all states. Presently, IDT Energy is licensed to provide natural gas and electric service in most localities of New York State. As soon as we can provide cost-effective services to customers in other localities and states, we will

expand our operations. We've spent many years in telecom perfecting the way we run a commodity-based business. We can now apply that knowledge to the energy industry.

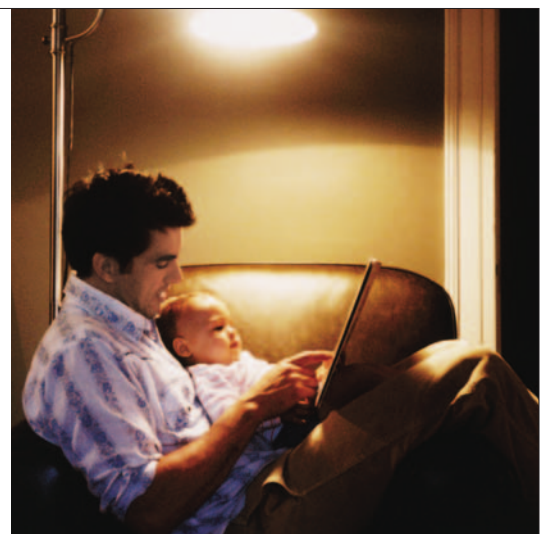
Currently, IDT Capital has interests as far-ranging as energy, local media, real estate, and outsourced call centers. And we have other ideas that we're incubating right now.

In IDT Capital, we also manage existing IDT assets that are not related to either the telecom or entertainment industries. For example, our profitable CTM Brochure Display company offers targeted marketing display stands in hotels, corporations, sport shops, airports, and other high-traffic locations, and it has a considerable market share east of the Mississippi, extending from Canada to Puerto Rico. It's a valuable asset.

We also own radio station WMET 1160 AM in the Washington, DC market. We have combined these two into IDT Local Media, which now offers a very interesting local media marketing opportunity for advertisers in Washington, DC who want to market both via brochures and the radio.



IDT sees opportunity in the ongoing deregulation of the energy marketplace, which in turn has enabled consumers with an excellent opportunity to save money on the cost of energy. In New York State, we are now able to make bulk purchase commitments to purchase energy at lower rates, and take smaller margins than the utilities on the supply of consumer gas and electric energy. And we see opportunity in the 11 more states that are moving toward making the same sort of deregulation decisions.



**I**DT Spectrum sees opportunity in the future of commercial fixed-wireless spectrum. We hold a significant number of commercial fixed-wireless spectrum licenses that cover most of the U.S. population. Our licenses include at least 200 MHz of bandwidth in every U.S. market, with an average of 750 MHz of contiguous spectrum in the top 25 U.S. economic areas.

We are developing a fixed-wireless network platform that will integrate our wireless spectrum with IDT's operational management capabilities and a flexible architecture. With this integrated platform, we intend to provide our customers, such as wireless telecommunications providers, commercial enterprises, government agencies and first responders, with reliable, high-bandwidth connectivity at competitive prices and with reduced setup time as compared to wired solutions.

One of our primary opportunities is to provide cellular telecommunications companies with "backhaul" service, which is the transmission of traffic between the cell sites of cellular and other wireless telecommunications providers, and wired interstate network connection points.



We also see opportunity in providing physical diversity and redundancy in connections to existing networks for various government agencies and commercial enterprises. In addition, the recent focus on homeland security and disaster relief gives us an opportunity to assist in the upgrade of local emergency communications capabilities of first responders and other public safety personnel to incorporate high-bandwidth applications.

At IDT Spectrum, we see opportunity in the fixed-wireless spectrum, and we're positioned to act on it.



Possible advantages of fixed wireless vs. traditional wired telecommunications:

- Quicker deployment
- Lowered construction expense
- Increased throughput
- Less likely to suffer physical damage
- Design flexibility

**IDT Spectrum** “In my 15 years working in telecom, I have never been part of such a creative, intelligent and motivated team. IDT Spectrum constantly encourages its people to debate strategies and tactics so that we are more prepared and effective than our competitors. We have an added advantage because our team members have such a wide variety of past success in technology, marketing and operational execution. This culture of diverse expertise, experience and creative openness inspires us all to contribute our best to make this a winning endeavor.”

Chris O’Loughlin  
Vice President, Sales and Marketing  
IDT Spectrum



**Net2Phone** “I use a VoIP phone every day; I like it, so I feel very good about what our company does. And Net2Phone has a great group of people: smart, enthusiastic and creative, all of which this business needs. We’re also a very international group of people, and we understand the opportunity presented for VoIP worldwide. We know we have to listen to what the consumers are saying in each different country. Their needs are different; their economies are different. And the team we’ve assembled here at Net2Phone understands that very well.”

Amanda Aymar  
Executive Assistant,  
Office of the Chairman  
Net2Phone





**N**et2Phone identified an opportunity and embarked with a simple mission: convert broadband service providers from video and data businesses into video, data and telephony businesses. We were pioneers in getting a Voice over Internet Protocol (VoIP) system up and running. Today, we are a leading enabler of VoIP solutions for broadband service providers, and have agreements signed with cable operators that provide service to over 3.1 million homes. We saw the opportunity to become enablers of a new and exciting communications product. For some of our customers, we offer an end-to-end telephony service that we manage and control completely; in other cases, we provide tools, know-how, front-end systems integration and ongoing support.

We were at the forefront of bridging the Internet with the public telephone network; today, Net2Phone routes millions of minutes daily over data networks, saving consumers and businesses up to 90 percent on traditional long-distance rates.

We were ahead of our time; so, we put our heads together and built the right business model, and the right products. Now, with ten years of experience in developing proprietary VoIP toolsets and systems, in the last 18 months we've seen commercial launches of Net2Phone's cable telephony



product by Bresnan Communication®, Millennium Digital Media® and Northland Cable Television®. And we continue to see opportunity for growth in North America, South America and Europe.

We also see opportunity for growth in the small and medium-sized business market. We recently introduced new products to add to our comprehensive suite of enterprise calling solutions.

These products are designed to meet the needs of small and medium-sized businesses by providing them with the flexibility of either adding VoIP to their existing phone systems or replacing these systems with a full-fledged VoIP offering.

The enterprise calling solutions let customers make free calls within their corporate telephony network, including calls between branch offices at different locations, while at the same time reducing their local, national and international telephone bills for calls outside the corporate network.

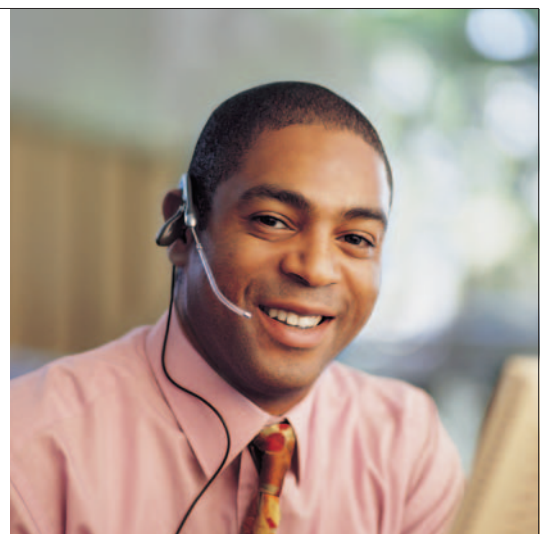
Our advantage at Net2Phone is that we can access both our technical VoIP experience and our telecom experience of delivering local and long-distance service. This puts us in a great position to deliver full-service telephony in the U.S. market. At Net2Phone, we find ourselves in a unique situation, and we are capitalizing on the opportunities we see.

Net2Phone's enterprise products include:

**VoiceDirector<sup>SM</sup>**: A complete service solution that allows corporate customers to obtain all voice communications using Net2Phone's platform.

**VoiceAccess<sup>SM</sup>**: An add-on for small businesses, providing customers with access to inbound and outbound calling on Net2Phone's VoIP network. VoiceAccess includes free interoffice calling and voice mail.

**VoiceLine Business Plus<sup>SM</sup>**: Designed for small businesses that require only one or two lines of connectivity. VoiceLine Business Plus supports a host of advanced telephony features, including fax support, three-way calling, and voice mail with Web access and enhanced call forwarding.



## Five-Year Financial History

In millions, except per share data Fiscal years ended:	July 31, 2005
Telecom minutes billed	23,564.6
<b>Revenues</b>	
Retail Telecom	\$ 1,616.6
Wholesale Telecom	541.7
Telecom Total	2,158.4
IDT Entertainment	187.2
Voice over IP	73.6
IDT Capital	39.7
IDT Solutions*	9.6
<b>Total Revenues</b>	<b>\$ 2,468.5</b>
<b>Income (loss) from operations</b>	
Retail Telecom	\$ 67.9
Wholesale Telecom	(18.5)
Telecom Total	49.4
IDT Entertainment	7.5
Voice over IP	(53.5)
IDT Capital	(14.2)
IDT Solutions*	(38.4)
Corporate	(66.7)
<b>Total Income (Loss) from Operations</b>	<b>\$ (115.8)</b>
Interest and other income (expense), net	\$ 86.5
Minority interests	(2.6)
Income taxes	(11.9)
Cumulative effect of change/extraordinary item	—
<b>Net Income (Loss)</b>	<b>\$ (43.8)</b>
Basic earnings per share	\$ (0.45)
Net cash provided by (used in) operating activities	(3.8)
Capital expenditures	(112.3)
Investments and acquisitions, net of cash acquired	1.7
<b>Year End Position</b>	
Cash and cash equivalents, marketable securities and restricted cash and marketable securities	\$ 952.4
Working capital	713.1
Total assets	\$ 1,977.6
Long-term debt consisting of capital lease obligations—long term portion	42.3
Long-term debt consisting of notes payable—long term portion	\$ 121.5

\* IDT Solutions consists of our IDT Spectrum and Winstar Holdings, LLC subsidiaries.

July 31, 2004	July 31, 2003	July 31, 2002	July 31, 2001
20,456.1	16,460.1	11,776.0	7,049.6
\$ 1,413.4	\$ 1,233.2	\$ 1,121.7	\$ 816.4
524.5	405.5	289.3	388.1
1,937.9	1,638.7	1,411.0	1,204.5
106.7	5.0	—	—
78.0	80.8	71.9	—
22.7	22.5	21.3	26.4
71.6	87.6	79.6	—
<b>\$ 2,216.9</b>	<b>\$ 1,834.5</b>	<b>\$ 1,583.8</b>	<b>\$ 1,230.9</b>
\$ 96.0	\$ 91.0	\$ 61.4	\$ (34.1)
(17.6)	(27.6)	(30.6)	(69.5)
78.4	63.4	30.8	(103.6)
(0.6)	(2.4)	(0.9)	—
(21.9)	9.6	(216.0)	—
(21.2)	(6.6)	(131.1)	(265.6)
(112.5)	(88.8)	(96.6)	—
(44.2)	(48.8)	(26.4)	(63.5)
<b>\$ (121.9)</b>	<b>\$ (73.6)</b>	<b>\$ (440.3)</b>	<b>\$ (432.7)</b>
\$ 70.1	\$ 28.8	\$ 8.2	\$ 1,180.2
(34.3)	(43.0)	151.4	(5.7)
27.2	70.4	124.3	(209.4)
—	—	(147.0)	—
<b>\$ (58.9)</b>	<b>\$ (17.5)</b>	<b>\$ (303.3)</b>	<b>\$ 532.4</b>
\$ (0.67)	\$ (0.22)	\$ (4.04)	\$ 7.79
76.8	37.1	(36.3)	26.2
(89.3)	(63.2)	(49.0)	(106.5)
(91.3)	(16.6)	(91.4)	(73.7)
\$ 1,061.9	\$ 1,043.8	\$ 1,187.7	\$ 1,094.6
793.4	754.0	857.5	915.4
\$ 1,856.1	1,732.3	1,777.7	1,881.6
31.8	45.1	48.1	50.2
\$ 9.2	—	—	—

**IDT Corporation****Chairman of the Board**

Howard S. Jonas  
*Founder of IDT Corporation and  
 Jonas Publishing Corporation*

**Management Directors**

James A. Courter, *Vice Chairman*  
 Stephen R. Brown  
 Ira A. Greenstein  
 Moshe Kaganoff  
 Marc E. Knoller  
 Joyce J. Mason

**Independent Directors**

J. Warren Blaker  
*Professor, Fairleigh Dickinson  
 University; former CEO of University  
 Optical Products, Inc.*

**Rudy Boschwitz**

*Chairman of the Advisory Committee  
 of the Center for Global Food Issues;  
 former U.S. Senator, Minnesota, former  
 Ambassador to the UN Commission  
 on Human Rights*

**Saul K. Fenster**

*President Emeritus of the New Jersey  
 Institute of Technology*

**James S. Gilmore III**

*Partner at Kelley, Drye and Warren  
 LLP, Chairman, National Council  
 on Readiness and Preparedness; former  
 Governor of the Commonwealth  
 of Virginia*

**Thomas Slade Gorton, III**

*Of Counsel at Preston Gates & Ellis  
 LLP; former U.S. Senator, Washington*

**Jack F. Kemp**

*Founder and Chairman of Kemp  
 Partners; former nine-term U.S.  
 Congressman, Buffalo, New York,  
 former Secretary of HUD*

**Jeane J. Kirkpatrick**

*Senior fellow at American Enterprise  
 Institute for Public Policy Research  
 (AEI); former U.S. Ambassador  
 to the United Nations, Member of  
 President Ronald Reagan's Cabinet  
 and National Security Council, former  
 Levey Professor of Government at  
 Georgetown University*

**Michael J. Levitt**

*Chairman and CIO of Stone Tower  
 Capital LLC*

**Executive Officers**

Howard S. Jonas  
*Chairman of the Board*

James A. Courter  
*Chief Executive Officer*

Ira A. Greenstein  
*President*

Stephen R. Brown  
*Chief Financial Officer and Treasurer*

Marcelo Fischer  
*Chief Accounting Officer and Controller*

Joyce J. Mason  
*Senior Vice President, General Counsel  
 and Secretary*

Marc E. Knoller  
*Senior Vice President*

Kathleen B. Timko  
*Executive Vice President of Technology*

Moshe Kaganoff  
*Executive Vice President of  
 Strategic Planning*

Morris Lichtenstein  
*Executive Vice President of  
 Business Development*

Morris Berger  
*Executive Vice President of  
 Business Development*

Ely D. Tendler  
*Chief Legal Officer*

Douglas W. Mauro  
*Chief Tax Officer*

**IDT Telecom, Inc.****Management Directors**

Morris Lichtenstein, *Chairman*  
 Howard S. Jonas, *Co-Vice Chairman*  
 Jonathan Levy, *Co-Vice Chairman*  
 James A. Courter  
 Kathleen B. Timko

**Independent Directors**

Leon E. Panetta  
*Co-Director of The Leon & Sylvia  
 Panetta Institute for Public Policy;  
 former Director of OMB, former Chief  
 of Staff for President Bill Clinton,  
 former member of Congress, California*

Steven L. Pomerantz  
*Principal, Steven L. Pomerantz and  
 Associates; former Assistant Director  
 of the FBI*

Dov S. Zakheim  
*Vice President, Booz Allen Hamilton;  
 former Under Secretary of Defense*

**Executive Officers**

Morris Lichtenstein  
*Chief Executive Officer and Treasurer*

Norman Rosenberg  
*Chief Financial Officer*

Jonathan Levy  
*President of Carrier Services  
 and Sales Strategy*

Yona Katz  
*Chief Operating Officer*

Kathleen B. Timko  
*Chief Technology Officer*

Avi Stokar  
*Chief Information Officer*

**IDT Entertainment, Inc.****Management Directors**

Howard S. Jonas, *Co-Chairman*  
 Stephen R. Brown, *Co-Chairman*  
 James A. Courter, *Vice Chairman*  
 Morris Berger  
 Jonathan Reich

**Independent Directors**

Mark D. Carleton  
*Senior VP of Liberty Media Corp.;  
 former Partner at KPMG LLP*

Reverend Eric Cosentino  
*Rector of the Episcopal Church of the  
 Divine Love in Montrose, New York*

Irwin Katsof  
*President and Chief Executive Officer  
 of Global Capital Associates, Inc.*

Pete Wilson  
*Principal, Bingham Consulting  
 Group and Of Counsel to Bingham  
 McCutchen LLP; former Governor  
 of the State of California, former  
 U.S. Senator, California and former  
 Mayor of San Diego*

**Executive Officers**  
 Stephen R. Brown  
*Co-Chairman and President*

Morris Berger  
*Chief Executive Officer*

John Hyde  
*Chief Operating Officer*

Sam Abraham  
*Chief Financial Officer*

**IDT Capital, Inc.****Management Directors**

James A. Courter  
 David Greenblatt  
 Howard S. Jonas  
 Moshe Kaganoff  
 Geoffrey Rochwarger  
 Alan Schwab

**Independent Directors**

Linda Chavez  
*President of the Center for Equal  
 Opportunity; syndicated columnist;  
 political analyst*

Dennis Reimer  
*President of DFI International  
 Government Services; former Chief  
 of Staff, United States Army*

George Rupp  
*President of the International Rescue  
 Committee; former President of  
 Columbia and Rice Universities*

Herbert H. Tate  
*Vice President Regulatory Strategy,  
 NiSource Corporate Services; former  
 President of the New Jersey Board  
 of Public Utilities*

**Executive Officers**  
 David Greenblatt  
*Chief Executive Officer*

Geoffrey Rochwarger  
*President*

Alan Schwab  
*Chief Operating Officer*

**IDT Spectrum, Inc.****Management Directors**

John C. Petrillo, *Chairman*  
 James A. Courter  
 Howard S. Jonas

**Independent Directors**

David Nagel  
*Former President and Chief Executive  
 Officer, PalmSource, Inc., former Chief  
 Technology Officer, AT&T Corporation,  
 former President, AT&T Labs*

Raymond Nisivoccia  
*Founding Partner of  
 Nisivoccia & Company LLP*

Steven L. Pomerantz  
*Principal, Steven L. Pomerantz and  
 Associates; former Assistant Director  
 of the FBI*

Dennis Reimer  
*President of DFI International  
 Government Services; former Chief  
 of Staff, United States Army*

Herbert H. Tate  
*Vice President Regulatory Strategy,  
 NiSource Corporate Services; former  
 President of the New Jersey Board  
 of Public Utilities*

**Executive Officers**  
 John C. Petrillo  
*Chief Executive Officer*

Peter Atwal  
*President, Operations and Engineering*

Bruce E. Walencyk  
*Chief Financial Officer*

## Net2Phone, Inc.

### Board of Directors

Stephen M. Greenberg, *Chairman*  
Howard S. Jonas, *Vice Chairman*  
Liore Alroy  
James A. Courter  
Jesse P. King  
Harry C. McPherson, Jr.  
James R. Mellor  
Marc J. Oppenheimier  
Michael J. Weiss, Jr. M.D., Ph.D.

### Executive Officers

Liore Alroy  
*Chief Executive Officer*

Arthur Dubroff  
*Chief Financial Officer*

Glenn J. Williams  
*Executive Vice President, Business & Legal Affairs, General Counsel*

Jonathan Reich  
*Chief Executive Officer*  
*Net2Phone Global Services, LLC*

David Lando  
*Chief Operating Officer*  
*Net2Phone Global Services, LLC*

Michael Pastor  
*President*  
*Net2Phone Cable Telephony, LLC*

## Corporate Information

### Annual Meeting of Stockholders

Thursday, December 15, 2005  
10:00 am  
520 Broad Street  
Newark, New Jersey  
973-438-1000

### Availability of Form 10-K

IDT Corporation's Annual Report on Form 10-K filed with the Securities and Exchange Commission is contained in this Annual Report to Stockholders.

### Outside Counsel

McDermott Will & Emery LLP

### Independent Auditors

Ernst & Young LLP  
New York, New York

### Transfer Agent

American Stock Transfer  
and Trust Company  
New York, New York

### Stock Exchange Listing

The Class B Common Stock of IDT Corporation is traded under the symbol "IDT" and the Common Stock is traded under the symbol "IDT.C" on the New York Stock Exchange.

### Price of Stock and Dividends

On October 5, 2005, the last sales price reported on the New York Stock Exchange for the Class B Common Stock was \$12.41 per share and for the Common Stock was \$12.59 per share. On the same date, there were approximately 380 holders of record of the Class B Common Stock and approximately 315 holders of record of the Common Stock.

The Company has never declared or paid any cash dividends on its Class B Common Stock or its Common Stock and does not expect to pay dividends for the foreseeable future. The Company's current policy is to retain all of its earnings to finance future growth. Any future declarations of dividends will be subject to the discretion of the Board of Directors of the Company.

IDT has included as an exhibit to its annual report on Form 10-K for fiscal year 2005, which it filed with the Securities and Exchange Commission, certificates of IDT's Chief Executive Officer and Chief Financial Officer certifying the quality of the company's public disclosure. IDT's Chief Executive Officer has also submitted to the New York Stock Exchange a certificate certifying that he is not aware of any violations by IDT of the New York Stock Exchange corporate governance listing standards.



opportunity



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