

IDT CORP  
Form DEF 14A  
November 16, 2018

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549



SCHEDULE 14A



Proxy Statement Pursuant to Section 14(a) of the



Securities Exchange Act of 1934

Filed by the Registrant S



Filed by a Party other than the Registrant £



Check the appropriate box:



£ Preliminary Proxy Statement





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



S Definitive Proxy Statement



£ Definitive Additional Materials



£ Soliciting Material under Rule 14a-12





IDT Corporation

(Name of Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):



S No fee required.



£ Fee computed on table below per Exchange Act Rule 14a-6(i)(1), and 0-11.





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







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









(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):







(4) Proposed maximum aggregate value of transaction:









(5) Total fee paid:







£ Fee paid previously with preliminary materials.



Edgar Filing: IDT CORP - Form DEF 14A

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





(1) Amount Previously Paid:







(2) Form, Schedule or Registration Statement No.:









(3) Filing Party:







(4) Date Filed:













IDT CORPORATION

520 Broad Street  
Newark, New Jersey 07102  
(973) 438-1000



NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TIME AND DATE: 10:30 a.m., local time, on Thursday, December 13, 2018





PLACE: Offices of IDT Corporation, 520 Broad Street, Newark, New Jersey 07102



ITEMS OF  
BUSINESS:

1. To elect five directors, each for a term of one year.



2. To approve an amendment to the IDT Corporation 2015 Stock Option and Incentive Plan that will increase the number of shares of the Company's Class B Common Stock available for the grant of awards thereunder by an additional 100,000 shares.



3. To approve the sale by the Company to Howard S. Jonas of 2,546,689 shares of the Company's Class B Common Stock from the Company's treasury account for a purchase price of \$15,000,000.





4. To conduct an advisory vote on executive compensation.



5. To conduct an advisory vote on the frequency of future advisory votes on executive compensation.



6. To transact other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.



**RECORD DATE:** You can vote if you were a stockholder of record as of the close of business on October 18, 2018.





**PROXY VOTING:** You can vote either in person at the Annual Meeting or by proxy without attending the meeting. See details under the heading “How do I Vote?”



ANNUAL MEETING  
ADMISSION:

If you are a stockholder of record, a form of personal photo identification must be presented in order to be admitted to the Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record, you must bring a brokerage statement or other written proof of ownership as of October 18, 2018 with you to the Annual Meeting, as well as a form of personal photo identification.



ANNUAL MEETING DIRECTIONS: You may request directions to the annual meeting via email at [invest@idt.net](mailto:invest@idt.net) or by calling IDT Investor Relations at (973) 438-3838.



IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE IDT CORPORATION STOCKHOLDERS MEETING TO BE HELD ON DECEMBER 13, 2018: The Notice of Annual Meeting and Proxy Statement and the 2018 Annual Report are available at:



[www.idt.net/ir](http://www.idt.net/ir)



BY ORDER OF THE BOARD OF DIRECTORS







Joyce Mason





Executive Vice President, General Counsel and Corporate Secretary



Newark, New Jersey



November 16, 2018









IDT CORPORATION

520 Broad Street  
Newark, New Jersey 07102  
(973) 438-1000





PROXY STATEMENT



GENERAL INFORMATION

Introduction



This Proxy Statement is being furnished to the stockholders of record of IDT Corporation, a Delaware corporation (the "Company" or "IDT") as of the close of business on October 18, 2018, in connection with the solicitation by the Company's Board of Directors (the "Board of Directors") of proxies for use in voting at the Company's Annual Meeting of Stockholders (the "Annual Meeting"). The Annual Meeting will be held on Thursday, December 13, 2018 at 10:30 a.m., local time, at the Offices of IDT Corporation, 520 Broad Street, Newark, New Jersey 07102. The shares of the Company's Class A common stock, par value \$0.01 per share ("Class A Common Stock") and Class B common stock, par value \$0.01 per share ("Class B Common Stock"), present at the Annual Meeting or represented by the proxies received by Internet or mail (properly marked, dated and executed) and not revoked, will be voted at the Annual Meeting. This Proxy Statement is being mailed to the Company's stockholders starting on November 23, 2018.



Solicitation and Voting Procedures

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



The close of business in New York, NY on October 18, 2018 has been fixed as the record date (the “Record Date”) for determining the holders of shares of Class A Common Stock and Class B Common Stock entitled to notice of, and to vote at, the Annual Meeting. As of the close of business on the Record Date, the Company had 23,718,224 shares outstanding and entitled to vote at the Annual Meeting, consisting of 1,574,326 shares of Class A Common Stock and 22,143,898 shares of Class B Common Stock. The remaining shares issued, consisting of 1,698,000 shares of Class A Common Stock and 3,450,600 shares of Class B Common Stock, are beneficially owned by the Company, and are not entitled to vote or to be counted as present at the Annual Meeting for purposes of determining whether a quorum is present. The shares of stock owned by the Company will not be deemed to be outstanding for determining whether a majority of the votes cast have voted in favor of any proposal.



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





How do I Vote?

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



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









Edgar Filing: IDT CORP - Form DEF 14A

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



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



How Can I Change My Vote?

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



Edgar Filing: IDT CORP - Form DEF 14A

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





Quorum and Vote Required

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



The affirmative vote of a majority of the voting power present (in person or by proxy) at the Annual Meeting and casting a vote on a Proposal will be required for the approval of the election of any director (Proposal No. 1), the adoption of an amendment to the 2015 Stock Option and Incentive Plan (the “2015 Plan”) (Proposal No. 2), the approval of the sale by the Company to Howard S. Jonas of 2,546,689 shares of the Company’s Class B Common Stock from the Company’s treasury account for a purchase price of \$15,000,000 (Proposal No. 3), and the approval, on an advisory basis, of the compensation of our Named Executive Officers (Proposal No. 4). This means that the number of votes cast “for” a director nominee or Proposal No. 2, 3 or 4 must exceed the number of votes cast “against” that director nominee or Proposal No. 2, 3 or 4, respectively. Abstentions are not counted as votes “for” or “against” a nominee or any of these proposals. Proposal No. 5 asks stockholders to express a preference, on an advisory basis, among three possible choices - as to whether future advisory votes on executive compensation should be held every year, every two years, or every three years. Accordingly, abstentions will not be counted as expressing any preference. This advisory vote is non-binding on the Board, but the Board will give careful consideration to the voting results on this proposal and expects to be guided by the alternative that receives the greatest number of votes, even if that alternative does not receive a majority of the votes cast.



If you are a beneficial owner whose shares are held of record by a broker, you must instruct your broker how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which the broker does not have discretionary authority to vote. This is called a “broker non-vote.” In these cases, the broker can register your shares as being present at the Annual Meeting for purposes of determining the presence of a quorum but will not be able to vote on those matters for which specific authorization is required under the rules of the New York Stock Exchange.









If you are a beneficial owner whose shares are held of record by a broker, your broker does not have discretionary authority to vote on the election of directors (Proposal No. 1), the adoption of an amendment to the 2015 Plan (Proposal No. 2), the approval of the sale by the Company to Howard S. Jonas of 2,546,689 shares of the Company's Class B Common Stock from the Company's treasury account for a purchase price of \$15,000,000 (Proposal No. 3), the approval, on an advisory basis, of the compensation of our Named Executive Officers (Proposal No. 4), the advisory vote on the frequency of future advisory votes on executive compensation (Proposal No. 5) or on any stockholder proposal or other matter raised at the Annual Meeting without instructions from you, in which case a broker non-vote will occur and your shares will not be voted on these matters.



How Many Votes Are Required to Approve Other Matters?

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



Stockholders Sharing the Same Address



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



References to Fiscal Years

The Company's fiscal year ends on July 31 of each calendar year. Each reference to a fiscal year refers to the fiscal year ending in the calendar year indicated (e.g., Fiscal 2018 refers to the Fiscal Year ended July 31, 2018).







CORPORATE GOVERNANCE



Introduction

The Company has in place a comprehensive corporate governance framework that reflects the corporate governance requirements and the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended, and the corporate governance-related listing requirements of the New York Stock Exchange. Consistent with the Company's commitment to strong corporate governance, the Company does not rely on the exceptions from the New York Stock Exchange's corporate governance listing requirements available to it because it is a "controlled company," except as described below with regard to (i) the composition of the Nominating Committee and (ii) the Company not having a single Nominating/Corporate Governance Committee.



Edgar Filing: IDT CORP - Form DEF 14A

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



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



Director Independence



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



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



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









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



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



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



In addition, all members of the Company's Audit Committee must meet the independence requirements of Section 2014.10A-3 of the Securities Exchange Act of 1934, which are set forth in the Audit Committee Charter.





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



Director Selection Process

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



Director Communications

Stockholders and other interested parties may communicate with: (i) the Board of Directors, by contacting the Chairman of the Board; (ii) the non-employee directors, by contacting the Lead Independent Director (currently Eric Cosentino); and (iii) the Audit, Compensation, Corporate Governance or Nominating Committees of the Board of Directors, by contacting the respective chairmen of such committees. All communications should be in writing, should indicate in the address whether the communication is intended









Edgar Filing: IDT CORP - Form DEF 14A

for the Lead Independent Director, the Chairman of the Board, or a Committee Chairman, and should be directed care of IDT Corporation's Corporate Secretary, Joyce J. Mason, Esq., Stockholder Communications, IDT Corporation, 520 Broad Street, Newark, New Jersey 07102.



Edgar Filing: IDT CORP - Form DEF 14A

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



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





- Obscene materials;



- Unsolicited marketing or advertising material or mass mailings;



- Unsolicited newsletters, newspapers, magazines, books and publications;



- Surveys and questionnaires;





- Resumes and other forms of job inquiries;



- Requests for business contacts or referrals;



- Material that is threatening or illegal; or



- Any communications or materials that are not in writing.





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



- Routine questions, service and product complaints and comments that can be appropriately addressed by management; and



- Routine invoices, bills, account statements and related communications that can be appropriately addressed by management.









BOARD OF DIRECTORS AND COMMITTEES

Board of Directors

The Board of Directors held seventeen meetings in Fiscal 2018. In Fiscal 2018, each of the Company's directors attended or participated in 75% or more of the aggregate of (i) the total number of regularly scheduled meetings of the Board of Directors held during the period in which each such director served as a director and (ii) the total number of regularly scheduled meetings held by all committees of the Board of Directors during the period in which each such director served on such committees.



Directors are encouraged to attend the Company's annual meeting of stockholders, and the Company generally schedules a meeting of the Board of Directors on the same date and at the same place as the annual meeting of stockholders to encourage director attendance. All of the members constituting the current Board of Directors attended the 2017 annual meeting of stockholders in person.



Board of Directors Leadership Structure and Risk Oversight Role

Howard S. Jonas has served as Chairman of the Board since the Company's inception. From October 2009 through December 2013, he also served as Chief Executive Officer. On January 1, 2014, Shmuel Jonas, who was the Company's Chief Operating Officer from June 2010 through December 2013, was elected as Chief Executive Officer of the Company. Howard S. Jonas remains Chairman of the Board and continues to provide overall leadership to the Board of Directors in its oversight function. The risk management oversight roles of the Audit, Compensation and Corporate Governance Committees discussed below, which are comprised solely of independent directors, provide an appropriate and effective balance to the Chairman of the Board role.





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



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



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



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





Board Committees

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







The Audit Committee

The Audit Committee is responsible for, among other things, the appointment, compensation, removal and oversight of the work of the Company's independent registered public accounting firm. The Audit Committee also oversees management's performance of its responsibility for the integrity of the Company's accounting and financial reporting and its systems of internal controls, the performance of the Company's internal audit function and the Company's compliance with legal and regulatory requirements. The Audit Committee operates under a written Audit Committee charter adopted by the Board of Directors, which can be found in the Governance section of our web site, <http://ir.idt.net/Governance>, and is also available in print to any stockholder upon request to the Corporate Secretary. The Audit Committee consists of Messrs. Chenkin (Chairman), Cosentino and Schorr. The Audit Committee held seven meetings during Fiscal 2018. The Board of Directors has determined that (i) all of the members of the Audit Committee are independent within the meaning of the Section 303A.07(b) and Section 303A.02 of the New York Stock Exchange Listed Company Manual and Rule 10A-3(b) under the Securities Exchange Act of 1934, (ii) all of the members of the Audit Committee are financially literate and (iii) that Mr. Chenkin qualifies as an "audit committee financial expert" within the meaning of Item 407(d)(5) of Regulation S-K.





The Compensation Committee

The Compensation Committee is responsible for, among other things, reviewing, evaluating and approving all compensation arrangements for the executive officers of the Company, evaluating the performance of executive officers, administering the 2015 Plan, and its predecessor, the 2005 Stock Option and Incentive Plan, as amended and restated (the “2005 Plan”), and recommending to the Board of Directors the compensation for Board members, such as retainers, committee and other fees, stock option, restricted stock and other stock awards, and other similar compensation as deemed appropriate. The Compensation Committee confers with the Company’s executive officers when making the above determinations. The Compensation Committee currently consists of Messrs. Cosentino (Chairman), Chenkin and Schorr. The Compensation Committee held eleven meetings during Fiscal 2018. The Compensation Committee operates under a written charter adopted by the Board of Directors, which can be found in the Governance section of our web site, <http://ir.idt.net/Governance>, and which is also available in print to any stockholder upon request to the Corporate Secretary. The Board of Directors has determined that all of the members of the Compensation Committee are independent within the meaning of Section 303A.02 of the New York Stock Exchange Listed Company Manual and the categorical standards set forth above.



The Compensation Committee adopts goals and objectives for the fiscal year to be used as a guide when determining annual bonus payments to executive officers after the end of the fiscal year. Such goals may be Company-wide or targeted at specific segments, business units or corporate departments. The Compensation Committee reviews the performance of the Company relative to those goals and objectives, and the contribution of each executive officer to such performance at the end of the fiscal year and considers them as some of the factors when determining the amounts of annual bonuses to be awarded to executive officers.



Compensation Committee Interlocks and Insider Participation

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





The Corporate Governance Committee

The Corporate Governance Committee is responsible for, among other things, reviewing and reporting to the Board of Directors on matters involving relationships among the Board of Directors, the stockholders and senior management. The Corporate Governance Committee (i) reviews the Corporate Governance Guidelines and other policies and governing documents of the Company and recommends revisions as appropriate, (ii) reviews any potential conflicts of interest of independent directors, (iii) reviews and monitors related person transactions, (iv) oversees the self-evaluations of the Board of Directors, the Audit Committee and the Compensation Committee and (v) reviews and determines director independence, and makes recommendations to the Board of Directors regarding director independence. The Corporate Governance Committee currently consists of Messrs. Cosentino (Chairman), Chenkin and Schorr. The







Corporate Governance Committee held six meetings in Fiscal 2018. The Corporate Governance Committee operates under a written charter adopted by the Board of Directors, which can be found in the Governance section of our web site, <http://ir.idt.net/Governance>, and which is also available in print to any stockholder upon request to the Corporate Secretary. The Board of Directors has determined that all of the members of the Corporate Governance Committee are independent within the meaning of Section 303A.02 of the New York Stock Exchange Listed Company Manual and the categorical standards set forth above.





The Nominating Committee

The Nominating Committee is responsible for overseeing nominations to the Board of Directors, including: (i) developing the criteria and qualifications for membership on the Board of Directors, (ii) recommending candidates to fill new or vacant positions on the Board of Directors, and (iii) conducting appropriate inquiries into the backgrounds of potential candidates. A summary of new director qualifications can be found under the heading “Director Selection Process.” The Nominating Committee currently consists of Howard S. Jonas (Chairman) and Eric Cosentino. The Board of Directors has determined that Eric Cosentino is independent in accordance with Section 303A.04 of the New York Stock Exchange Listed Company Manual. Howard S. Jonas is not independent. The Company, as a “controlled company,” is exempt from the requirement to maintain an independent nominating committee pursuant to Section 303A.00 of the New York Stock Exchange Listed Company Manual. The Nominating Committee operates under a written charter adopted by the Board of Directors, which can be found in the Governance section of our web site, <http://ir.idt.net/Governance>, and which is also available in print to any stockholder upon request to the Corporate Secretary. The Nominating Committee held one meeting in Fiscal 2018.







FISCAL 2018 COMPENSATION FOR NON-EMPLOYEE DIRECTORS

Annual compensation for non-employee directors for Fiscal 2018 was comprised of equity compensation, consisting of awards of restricted shares of Class B Common Stock, and cash compensation.





Director Equity Grants

During Fiscal 2018, pursuant to the 2015 Plan, each non-employee director of the Company who was determined to be independent received, on January 5, 2018, an automatic grant of 4,000 restricted shares of the Company's Class B Common Stock, which vested in full immediately upon grant. A new non-employee director who becomes a member of the Board of Directors during the course of the calendar year receives an automatic grant on the date that he or she becomes a director in the amounts specified above, pro rated based on the calendar quarter of the year in which such person became a director. The stock is granted on a going-forward basis, before the director completes his or her service for the calendar year. All such grants of stock to non-employee directors are subject to certain terms and conditions described in the 2015 Plan.



Director Board Retainers

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



Committee Fees

Non-employee directors do not receive fees for committee service.





Lead Independent Director

The Lead Independent Director receives an additional annual cash retainer of \$50,000, paid in equal quarterly amounts upon the completion of each quarter of service. Eric Cosentino has served as the Lead Independent Director since December 17, 2009.



Fiscal 2018 Director Compensation Table

The following table lists Fiscal 2018 compensation for any person who served as a non-employee director during Fiscal 2018. This table does not include compensation to Howard S. Jonas or Bill Pereira, as they are not non-employee directors and do not receive any compensation for their service as directors.



Edgar Filing: IDT CORP - Form DEF 14A

| Name | Dates of Board Service During Fiscal 2018 | Fees Earned or Paid in Cash (\$) | Stock Awards (\$) | All Other Compensation (\$)(4) | Total (\$) |
|------|-------------------------------------------|----------------------------------|-------------------|--------------------------------|------------|
|------|-------------------------------------------|----------------------------------|-------------------|--------------------------------|------------|





Edgar Filing: IDT CORP - Form DEF 14A

Michael Chenkin 08/01/2017-07/31/2018 \$ 50,000 (1) \$ 43,680 (3) \$ 720 \$ 94,400



Edgar Filing: IDT CORP - Form DEF 14A

Eric F. Cosentino 08/01/2017-07/31/2018 \$ 100,000 (2) \$ 43,680 (3) \$ 585 \$ 144,265



Edgar Filing: IDT CORP - Form DEF 14A

|              |                       |           |               |            |           |
|--------------|-----------------------|-----------|---------------|------------|-----------|
| Judah Schorr | 08/01/2017-07/31/2018 | \$ 50,000 | (1) \$ 43,680 | (3) \$ 720 | \$ 94,400 |
|--------------|-----------------------|-----------|---------------|------------|-----------|



- (1) Represents the annual Board of Directors retainer earned in Fiscal 2018.





(2) Consists of (a) \$50,000, which represents the annual Board of Directors retainer earned in Fiscal 2018 and (b) \$50,000, which represents the Lead Independent Director Fee earned in Fiscal 2018.



(3) Represents the grant date fair value of an award of 4,000 shares of the Company's Class B Common stock on January 5, 2018 computed in accordance with FASB ASC Topic 718.







(4) Represents dividends paid during Fiscal 2018 on shares of Class B Common Stock that were granted to the non-employee directors during Fiscal 2018 and still held by the non-employee directors on the applicable dividend record date.





As of July 31, 2018, non-employee directors held the following shares of the Company's Class B Common Stock granted for their service as directors. Non-employee directors did not hold any options to purchase shares of the Company's capital stock as of July 31, 2018.



Name

Class B  
Common  
Stock



Michael Chenkin 22,083



Eric F. Cosentino 2,500





Judah Schorr 67,287







RELATED PERSON TRANSACTIONS

Review of Related Person Transactions

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





Transactions with Related Persons, Promoters and Certain Control Persons

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



There is a father/son relationship between Howard S. Jonas, Chairman of the Board and controlling stockholder, and Shmuel Jonas, Chief Executive Officer. Each of Howard S. Jonas' and Shmuel Jonas' total compensation during Fiscal 2018 is set forth in the Summary Compensation Table.



There is a brother/sister relationship between Howard S. Jonas, Chairman of the Board and controlling stockholder, and Joyce J. Mason, General Counsel, Corporate Secretary and Executive Vice President. Howard S. Jonas' total compensation during Fiscal 2018 is set forth in the Summary Compensation Table. Joyce J. Mason's total compensation during Fiscal 2018 was \$348,100.





On October 28, 2011, the Company spun off its subsidiary, Genie Energy Ltd. (“Genie”). In connection with the spin-off, the Company and Genie entered into a Transition Services Agreement, dated October 28, 2011 (the “Genie TSA”), pursuant to which the Company provides certain services to Genie, which is controlled by Howard S. Jonas and for which Howard S. Jonas serves as the Chairman of the Board. The services under the Genie TSA include, but are not limited to, services relating to human resources, employee benefits administration, finance, accounting, tax, facilities, investor relations and legal. Furthermore, the Company granted Genie a license to use the IDT name for its Retail Energy Provider business. Genie paid the Company a total of \$1,514,635 for services provided by the Company pursuant to the Genie TSA during Fiscal 2018. As of July 31, 2018, Genie owed the Company \$307,211 for such services. Additionally, Genie provided human resource services to the Company pursuant to the Genie TSA. The Company paid Genie a total of \$362,906 for services provided to the Company by Genie pursuant to the Genie TSA during Fiscal 2018. As of July 31, 2018, the Company owed Genie \$15,959 for such services.



On June 1, 2016, the Company spun off its subsidiary, Zedge, Inc. (“Zedge”). Zedge and the Company entered into a Transition Services Agreement (the “Zedge TSA”), effective June 1, 2016. Howard S. Jonas is a director and Vice-Chairman and his son, Michael Jonas, is the Chairman of the board of directors of Zedge. Both Zedge and the Company were controlled by Howard S. Jonas until October 2016, at which time Howard S. Jonas transferred, via a series of transactions, his controlling ownership of Zedge to his son, Michael Jonas, and therefore no longer controls Zedge. Pursuant to the Zedge TSA, the Company provides certain services to Zedge, including, but not limited to, services relating to human resources, administrative, tax, investor relations, regulatory, consulting and legal. Zedge paid the Company a total of \$338,024 for services provided by the Company pursuant to the Zedge TSA during Fiscal 2018. As of July 31, 2018, Zedge owed the Company \$572 for such services.







On March 26, 2018, the Company spun off its subsidiary, Rafael Holdings, Inc. (“Rafael”). In connection with the spin-off, the Company and Rafael entered into a Transition Services Agreement, dated March 26, 2018 (the “Rafael TSA”), pursuant to which the Company provides certain services to Rafael, which is controlled by Howard S. Jonas and for which Howard S. Jonas serves as the Chairman of the Board. The services include, but are not limited to: administrative, tax, and legal. The Company billed Rafael a total of \$200,806 under the Rafael TSA from March 26, 2018 to July 31, 2018. In addition, during the period from March 26, 2018 to July 31, 2018, Rafael billed IDT \$18,161 for real estate advisory services provided to IDT, and IDT collected cash of \$290,392 on behalf of Rafael, primarily from Rafael’s third party tenants, while Rafael was in the process of changing its billing and collection systems. As of July 31, 2018, the Company owed Rafael \$439,810 for cash collected and Company’s expenses paid by Rafael on behalf of the Company.





The Company is leasing space from Rafael at 520 Broad Street, Newark, NJ. The Company leases approximate 80,000 square feet of office space plus parking occupied by the Company at 520 Broad Street, Newark, NJ and approximately 3,600 square feet of office space in Jerusalem, Israel. The Company paid Rafael \$628,314 for office rent and parking from March 26, 2018 to July 31, 2018. As of July 31, 2018, IDT owed Rafael \$33,520 for office rent and parking.



IDT's former subsidiary, Rafael, has an investment in Rafael Pharmaceuticals, Inc. ("Rafael Pharma"). Howard S. Jonas has served as a director of Rafael Pharma since April 2013 and was appointed Chairman of the Board in April 2016 and has an equity interest in Rafael Pharma. Prior to the spin-off of Rafael, the Company provided the following services to Rafael Pharma: administrative, finance, accounting, tax, human resources, information technology, and legal. The Company billed Rafael Pharma \$398,824 from August 1, 2017 to March 25, 2018. As of July 31, 2018, Rafael Pharma owed the Company \$989,086.



On April 16, 2018 the IDT Corporate Governance Committee authorized and approved, subject to stockholder approval, the sale to Mr. Jonas of 2,546,689 shares of the Company's Class B Common Stock at a price per share of \$5.89, which was the closing price for the Class B Common Stock on the New York Stock Exchange on April 16, 2018 (the last closing price before approval of the arrangement), for a purchase price of \$15 million, the purchase price of which would be reduced by the amount of any dividends whose record date is between April 16, 2018 and the issuance of the shares. See Proposal No. 3.



IDT Domestic Telecom, Inc., a subsidiary of the Company, leases space at 3220 Arlington Avenue, Bronx, New York. The property is owned by Arlington Suites, LLC, a company jointly owned by Shmuel Jonas and Howard S. Jonas. The parties entered into a lease, which became effective November 1, 2012 and had a one-year term, with a one-year renewal option for IDT Domestic Telecom. Since the expiration of this lease, the parties have continued IDT Domestic Telecom's occupancy of the space on the same terms. IDT Domestic Telecom utilizes 1,140 square feet of office space, at an annual rental rate of \$25 per square foot, 1,240 square feet of storage space, at an annual rental rate of \$15 per square foot, and five parking spaces, at a monthly rental rate of \$230 per space, for a total annual rent of \$60,900. The Company has determined that the space is well suited and located to meet the needs of IDT Domestic Telecom, and that the terms of the lease, including the rental price, are in accord with the terms for comparable commercial space in the area.









SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth certain information regarding the beneficial ownership of the Company's Class A Common Stock and Class B Common Stock by (i) each person known by the Company to be the beneficial owner of more than 5% of the outstanding shares of the Class A Common Stock or the Class B Common Stock of the Company, (ii) each of the Company's directors, director nominees, and the Named Executive Officers for Fiscal 2018 (who are listed under Executive Compensation below), and (iii) all directors and executive officers of the Company as a group. Unless otherwise noted in the footnotes to the table, to the best of the Company's knowledge, the persons named in the table have sole voting and investing power with respect to all shares indicated as being beneficially owned by them.



Unless otherwise noted, the security ownership information provided below is given as of the close of business on October 18, 2018 and all shares are owned directly. Percentage ownership information is based on the following amounts of outstanding shares: 1,574,326 shares of Class A Common Stock and 22,143,898 shares of Class B Common Stock. The ownership numbers reported for Howard S. Jonas assume the conversion of all 1,574,326 currently outstanding shares of Class A Common Stock into shares of Class B Common Stock on a one-for-one basis.



Edgar Filing: IDT CORP - Form DEF 14A

| Name | Number<br>of Shares<br>of Class B<br>Common<br>Stock | Percentage<br>of<br>Ownership<br>of Class B<br>Common<br>Stock | Percentage<br>of<br>Aggregate<br>Voting<br>Power |
|------|------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------|
|------|------------------------------------------------------|----------------------------------------------------------------|--------------------------------------------------|





Howard S. Jonas  
520 Broad Street  
Newark, NJ 07102

5,190,340 (1) 21.0 % 72.3 %



The Vanguard Group Inc.  
100 Vanguard Blvd.  
Malvern, PA 19355

2,641,336 (2) 11.9 % 3.8 %



Renaissance Technologies, LLC  
800 Third Avenue  
New York, NY 10022

1,340,497 (2) 6.1 % 1.9 %



Edgar Filing: IDT CORP - Form DEF 14A

Blackrock, Inc.  
55 East 52nd Street  
New York, NY 10055

1,098,759 (2) 5.0 % 1.6 %





Shmuel Jonas

85,516

(3) \*

\*



Marcelo Fischer

19,248

(4) \*

\*



Bill Pereira

23,764

(5) \*

\*



Menachem Ash

19,259

(6) \*

\*





David Wartell

10,000

(7) \*

\*



Michael Chenkin

22,083

\*

\*



Eric F. Cosentino

100

\*

\*



Judah Schorr

124,752 (8) \*

\*





Edgar Filing: IDT CORP - Form DEF 14A

All directors, Named Executive Officers and other executive officers as a group (11 persons) 3,994,233 (9) 22.5 % (10) 72.8 %



\* Less than 1%.



Voting power represents combined voting power of Class A Common Stock (three votes per share) and Class B Common Stock (one-tenth of one vote per share). Excludes stock options.



(1) Consists of an aggregate of: (a) 1,574,326 shares of Class A Common Stock held by Howard S. Jonas 2017 Annuity Trust; and (b) 3,616,014 shares of Class B Common Stock, consisting of: (i) 23,208 restricted shares; (ii) 1,042 shares held by Howard S. Jonas directly; (iii) an aggregate of 7,780 shares held in custodial accounts for the benefit of certain children of Howard S. Jonas (of which Howard S. Jonas is the custodian); (iv) 197,641 shares of Class B Common Stock owned by the Jonas Foundation; (v) 2,382,371 shares owned by the Howard S. Jonas 2017 Annuity Trust; (vi) 3,972 shares held by Howard S. Jonas in his 401(k) plan account as of September 30, 2018; and (vii) 1,000,000 shares of Class B Common Stock of the Company issuable upon the exercise of stock options exercisable within 60 days. Howard S. Jonas is the trustee of the Howard S. Jonas 2017 Annuity Trust. The foregoing does not include 102,799 shares of Class B Common Stock owned by the Howard S. and Deborah Jonas Foundation, Inc., as Howard S. Jonas does not beneficially own these shares. The foregoing also does not include (a) an aggregate of 2,965,394 shares of Class B Common Stock beneficially owned by trusts for the benefit of the children of Howard S. Jonas, as Howard S. Jonas does not exercise or share voting or investment control over these shares, and (b) 160,000 shares of the Company's Class B Common Stock owned by the 2012 Jonas Family, LLC (Howard S. Jonas is a minority equity holder of such entity).









- (2) According to the applicable Schedule 13G as filed by the applicable beneficial owner.



(3) Consists of (a) 83,960 shares of Class B Common Stock owned directly, and (b) 1,556 shares of Class B Common Stock owned by Shmuel Jonas' wife.



(4) Consists of (a) 15,677 shares of Class B Common Stock owned directly, and (b) 3,571 shares of Class B Common Stock held by Mr. Fischer in his 401(k) plan account as of September 30, 2018.





(5) Consists of (a) 20,193 shares of Class B Common Stock owned directly, and (b) 3,571 shares of Class B Common Stock held by Mr. Pereira in his 401(k) plan account as of September 30, 2018.



(6) Consists of (a) 16,332 shares of Class B Common Stock owned directly, and (b) 2,927 shares of Class B Common Stock held by Mr. Ash in his 401(k) plan account as of September 30, 2018.



- (7) Consists of restricted shares of Class B Common Stock.



(8) Consists of (a) 117,620 shares of Class B Common Stock owned directly, (b) 7,000 shares of Class B Common Stock held in the Schorr Family Trust, and (c) 132 shares of Class B Common Stock in his IRA account.





(9) Consists of the shares and options set forth above with respect to the Named Executive Officers and directors (including Howard S. Jonas' shares of Class A Common, which are convertible into Class B Common Stock), and the following shares of Class B Common Stock: (a) 34,064 shares of Class B Common Stock held by other executive officers; (b) 5,050 shares of Class B Common Stock held by other executive officers' 401(k) plan accounts as of September 30, 2018; (c) 8,000 shares of Class B Common Stock of the Company issuable upon the exercise of stock options exercisable within 60 days held by other executive officers; (d) 1,396 shares of Class B Common Stock purchased through the Company's Employee Stock Purchase Program held by Joyce J. Mason; (e) 9,647 shares of Class B Common Stock owned by Ms. Mason's husband; and (f) 15,340 shares of Class B Common Stock owned by Ms. Mason's daughter.



(10) Assumes conversion of all of the shares of Class A Common Stock, all of which are held by Howard S. Jonas, into shares of Class B Common Stock.



SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the securities laws of the United States, the Company's directors, executive officers, and any persons holding more than ten percent or more of a registered class of the Company's equity securities are required to file reports of ownership and changes in ownership, on a timely basis, with the SEC and the New York Stock Exchange. Based on material provided to the Company, the Company believes that all such required reports were filed on a timely basis in Fiscal 2018.









EXECUTIVE COMPENSATION

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the following Compensation Discussion and Analysis section of the Company's 2018 Proxy Statement. Based on our review and discussions, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in IDT's 2018 Proxy Statement.



Eric Cosentino, Chairman





Michael Chenkin



Judah Schorr



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



COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis of our compensation practices and related compensation information should be read in conjunction with the Summary Compensation table and other tables included in this proxy statement, as well as our financial statements and management's discussion and analysis of our financial condition and results of operations included in our Annual Report on Form 10-K for the fiscal year ended July 31, 2018, which we refer to as the Form 10-K. The following discussion includes statements of judgment and forward-looking statements that involve risks and uncertainties. These forward-looking statements are based on our current expectations, estimates and projections about our industry, our business, compensation, management's beliefs, and certain assumptions made by us, all of which are subject to change. Forward-looking statements can often be identified by words such as "anticipates," "expects," "intends," "plans," "predicts," "believes," "seeks," "estimates," "may," "will," "should," "would," "could," "continue," "ongoing," similar expressions, and variations or negatives of these words and include, but are not limited to, statements regarding projected performance and compensation. Actual results could differ significantly from those projected in the forward-looking statements as a result of certain factors, including, but not limited to, the risk factors discussed in the Form 10-K. We assume no obligation to update the forward-looking statements or such risk factors.





Introduction

It is the responsibility of the Compensation Committee of our board of directors to: (i) oversee our general compensation policies; (ii) determine the base salary and bonus, if any, to be paid each year to each of our executive officers; (iii) oversee our compensation policies and practices as they relate to our risk management; and (iv) determine the compensation to be paid each year to our non-employee directors for service on our board of directors and the various committees of our board of directors. In addition, the Compensation Committee administers our Stock Option and Incentive Plans with respect to restricted stock and stock option grants or other equity-based awards made to our executive officers. Further, certain individuals have received grants of equity in certain of our subsidiaries. Shares of restricted stock are granted to our non-employee directors automatically on an annual basis under our 2015 Stock Option and Incentive Plan, and under other policies adopted by the Board and Compensation Committee.



Elements of Compensation

The three broad components of our executive officer compensation are annual base salary, annual cash incentive bonus awards, and long-term equity-based incentive awards. The Compensation Committee periodically reviews total compensation levels and the allocation of compensation among these three components for each of the executive officers, as well as for the Company, in the context of our overall compensation policy. Additionally, the Compensation Committee, in conjunction with our board, reviews the relationship of executive compensation to corporate performance generally and with respect to specific enumerated goals that are approved by the Compensation Committee in each fiscal year. The









Compensation Committee believes that our current compensation plans are serving their intended purposes and are functioning reasonably. Below is a description of the general policies and processes that govern the compensation paid to our executive officers, as reflected in the accompanying compensation tables.



Company Performance

In Fiscal 2018, despite the continuation of difficult market conditions for the Company's legacy core businesses, the Company delivered increases in revenues, income from operations and other financial performance metrics, while continuing to invest in growth initiatives. The positive results were augmented by a change in estimates, but excluding the impact of that change, Fiscal 2018's financial performance exceeded expectations. Wholesale Carrier Services increased its market share and Boss Revolution's calling products proved more resilient to market pressures than anticipated. IDT Telecom's payment services vertical delivered growth in mobile top up revenues and from its direct to consumer money transfer offering. net2phone grew its business organically and through geographic expansion. Investments were made in growth businesses to position the Company to launch enhancements and expansion of offerings in Fiscal 2019. The Company successfully completed the Rafael Spin-Off and has transformed almost exclusively into a telecommunications and payments company.



In Fiscal 2017, IDT Telecom continued to face multiple significant challenges to revenue and profitability, as the telecom industry experienced accelerated movement from paid voice calling over switched phone networks to free over-the-top communications services provisioned over broadband. The Company was able to maintain revenue while seeing its bottom line negatively impacted. IDT Telecom instituted several efforts that were successful in mitigating the impact of the challenges, including cost cutting and development of several new initiatives to diversify revenues and introduce operations with growth and profitability potential. Certain core telecommunications and payment offerings showed resilience to the pressures and new initiatives showed promise and early growth. IDT maintained a healthy balance sheet and paid quarterly dividends. The Company also made progress on monetizing and spinning off non-core assets and operations and developing additional new initiatives.





In Fiscal 2016, IDT Telecom faced significant challenges to revenue and profitability, in particular on the U.S. to Mexico corridor, which was one of the key routes for telecommunications traffic. As previously disclosed, when the cost of terminating calls to Mexico dropped almost to zero, competitors began offering unlimited calling for flat monthly fees. The Company maintained its price constant for a period of time and absorbed the resulting customer attrition. Eventually, the Company lowered its price and offered its own unlimited calling plan, absorbing the consequential impact on profitability. The Company made significant cuts to SG&A expenses to right size and maintain bottom line results despite the top line and margin pressures. As a result, after eliminating the impact of the sale of Fabrix on Fiscal 2015 results, the Company delivered consistent or improved income from operations and net income. Other than on the U.S. to Mexico corridor, revenues from the Company's flagship Boss Revolution voice service were relatively stable, as growth has slowed. Additionally, the Company continued to invest in newer initiatives and saw growth in several offerings, including Boss Revolution's international money transfer business, net2Phone's UCaaS offerings and the National Retail Solutions, Inc. ("NRS") point-of-sale initiative. The Company also invested in efforts that improved its operating efficiencies and allow for development of yet-to-be-launched growth initiatives.



Compensation Structure, Philosophy and Process

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



The base salary that we pay to each of our Named Executive Officers is based on the responsibilities undertaken by the respective individuals, if applicable, the business unit managed and its complexity and role within the Company, and the market place for employment of people of similar skills and backgrounds. The base salaries paid are determined by discussions with the covered individual and his or her manager, as well as budgetary considerations. Such base salaries are approved by the relevant members of our senior









management and, in the case of executive officers and certain other key, highly compensated individuals, the Compensation Committee.



Incentive compensation is designed to reward contributions towards achieving the Company's goals for the current period, as well as for the longer term. The Compensation Committee, with recommendations from the Company's management, sets goals for executive compensation in each fiscal year. These goals are set for the Company and for specific operating divisions and are designed to set forth achievable goals for the current performance of the Company and its business units and for current contributions to long-term initiatives. The Compensation Committee's decision regarding bonuses is primarily subjective and specific to each Named Executive Officer and is made by the Committee in its discretion after an overall assessment of all of the factors it deems appropriate, which includes, but is not limited to, the specific Company-wide goals, the individual's role in achieving those goals, if relevant, the performance of the business unit over which the individual exercised management, and other accomplishments during the fiscal year that were deemed relevant in specific instances. Following the end of a fiscal year, our management sets Company-wide bonus amounts for the fiscal year then-ended, based on Company performance and available resources. The proposed bonuses are then presented to the Compensation Committee. The bonus amounts awarded to executive officers are the result of subjective determinations made by the relevant members of management and the Compensation Committee with respect to each subject individual, based on Company and individual performance, particularly relative to the performance goals set by the Compensation Committee for the fiscal year, and levels relative to the bonuses of other personnel and officers. Individual bonus amounts are not determined based on previously established formulae, targets or ranges, though prior year amounts, performance versus budgets and similar figures may serve as guidelines for bonuses for certain executives, and individuals and their direct supervisors may use target figures in initiating discussions of bonus levels.



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



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





Compensation Decisions Made in Fiscal 2018

Goals and Performance

At a meeting held on September 18, 2017, the Compensation Committee approved the following goals for Fiscal 2018: (i) meet or exceed total IDT budgeted revenue and/or budgeted gross profit (based on internal non-GAAP calculation); (ii) meet or exceed total IDT budgeted EBITDA, and EBITDA less capital expenditures; (iii) achieve positive free cash flow; (iv) rollout the Boss Revolution MVNO nationwide, while introducing unlimited pricing for data, device financing, MVNO promotion tools and broader plan choices; (v) increase customer retention by deploying various CRM initiatives including micro-targeting segments, use of promotion codes and money remittance offers on the retailer portal, online and in-apps; (vi) grow Boss Revolution retailers and improve retailer engagement and interaction across all products and services; (vii) improve Boss Revolution retailer portal user experience with Phase 2 enhancements for PINless, Top-up and Money Remittance; (viii) launch Calling App 4.0 and increase monthly app callers; (ix) introduce a Boss Revolution Money wallet for telecommunications, payment services and purchase transactions; (x) introduce the Boss Revolution Money remittance portal nationally and expand into new states and grow retailer and online transactions; (xi) integrate Picup and Live Ninja features and launch as a unified communications product enhanced by additional features while developing an in-house Hosted PBX platform; (xiii) grow net2phone total seats; (xiv) create an outsourcing business model for Wholesale







Carrier Services that provides a new strategic capability in the international long-distance marketplace; (xv) increase ratio of IP to TDM wholesale traffic by 25%; (xvi) grow NRS point of sale terminal installs and generate additional revenue from all NRS offerings; (xvii) launch NRS ordering apps for both retailers and consumers and better integrate with Boss Revolution platform; (xviii) restructure internal technology organization; (xix) complete spin-off of non-core assets and operations as Rafael Holdings; (xx) complete sale of Gibraltar-based bank; and (xxi) maintain PCI Level 1 compliance.





At a meeting held on September 13, 2018, management reported to the Compensation Committee on the Company's performance relative to the above goals as follows:



- the Company exceeded its budgeted revenue by more than 9% and gross profit by more than 11%;



- the Company exceeded its budgeted amounts for both EBITDA and EBITDA less capital expenditures;



- the Company achieved positive free cash flow;





- the Boss Revolution MVNO was rolled out nationwide, including unlimited pricing for data, however device financing, MVNO promotion tools and broader plan choices were not offered;



- IDT Telecom deployed CRM initiatives including micro-targeting segments, use of promotion codes and money remittance offers on the retailer portal, online and in-apps, but did not succeed in creating a member profile;



- the Company failed to grow its Boss Revolution retailer network to its targeted amount, and did not sufficiently improve retailer engagement and interaction across all products and services;



- the Company improved the Boss Revolution retailer portal user experience with Phase 2 enhancements for Boss Revolution PINless, Mobile Top-up and Money Remittance;





- IDT Telecom launched Calling App 4.0 for Android outside of the United States;



- Boss Revolution exceeded its goals for growth of monthly app callers;



- the Boss Revolution Money wallet for telecommunications, payment services and purchase transactions has progressed, but was not launched;



- the Boss Revolution Money remittance portal was not released nationally, online transactions exceeded goals, but growth in retailer transactions fell short of targets;





- net2phone successfully integrated Live Ninja features with Picup, but the integrated offering was not launched as a unified communications product; additional enhancements are in beta testing;



- net2phone total seats grew to levels just short of targets;



- Wholesale Carrier Services successfully created an outsourcing business model;



- Wholesale Carrier Services increased the ratio of IP to TDM wholesale traffic by over 50%;





- NRS' point of sale terminal installs and revenue from NRS' offerings both grew, but less than targeted;



- NRS failed to finalize and launch ordering apps for both retailers and consumers or improve integration with the Boss Revolution platform;



- the Company was partially successful in restructuring its internal technology organization;



- the Rafael spin-off was completed;





- the sale of the Gibraltar-based bank was not completed; and



- the Company maintained PCI Level 1 compliance.







Bonus Awards for Fiscal 2018 Performance



In light of the performance relative to the enumerated goals and the overall financial performance of the Company in challenging market conditions, management recommended performance bonuses for management that were substantially in line with those paid in respect of Fiscal 2016. In Fiscal 2017, performance bonuses for all executives with direct responsibility for operational matters were reduced from the prior year levels. The following individual bonus levels were determined and paid in Fiscal 2019 in respect of Fiscal 2018:



Shmuel Jonas received a cash bonus of \$355,000, an increase from \$236,500 he received for Fiscal 2017. In Fiscal 2018, he continued to provide overall strategic guidance and directing efforts to balance the focus of the Company between legacy core businesses and growth initiatives. Shmuel Jonas was instrumental in budgeting decisions and allocation of resources and in setting priorities for development. He continued to drive cost cutting and right-sizing to enable the Company to maintain performance in extremely challenging competitive and industry environments.



Marcelo Fischer was paid a cash bonus of \$115,500, an increase from \$103,500 he received for Fiscal 2017. As the principal financial officer of the Company and the Chief Financial officer of IDT Telecom, Mr. Fischer is one of the principal executives responsible for strategic planning, budgeting and ensuring that the Company has the necessary resources to execute on management's and the board's direction. He assists in projecting the needs of the business in light of market conditions and the priorities established for development. Mr. Fischer was instrumental in the factors that led to the Company's financial performance that exceeded budgets and expectations. He plays a significant role in internal controls and other matters necessary to achieve and maintain PCI compliance.



Bill Pereira was paid a cash bonus of \$300,000, a reduction from \$400,000 he received for Fiscal 2017. During Fiscal 2018, he transitioned from his role as Chief Executive Officer of IDT Telecom to President and Chief Operating Officer of the Company. As the principal executive officer most directly responsible for IDT Telecom, Mr. Pereira is closely and directly involved in all aspects of IDT Telecom operations. Mr. Pereira was the principal executive responsible for developing and implementing all initiatives related to new initiatives and core operations. He is a key decision maker in setting priorities for development and allocation of resources and provides strategic guidance in balancing current performance and investment in future growth. He also plays a significant role in implementing cost cutting efforts to right size the Company. Mr. Pereira also received an additional \$425,000 in compensation in connection with the termination of his employment agreement and change in role discussed below.





Menachem Ash was paid a cash bonus of \$130,000, in addition to a mid-year bonus of \$200,000 he received during Fiscal 2018. The total bonus compensation is an increase from \$185,000 he received for Fiscal 2017 performance. Mr. Ash is responsible for supporting existing operations and plays a significant role in various strategic initiatives. He successfully navigated the resolution of several legal and regulatory matters and played a key role in supporting development at Rafael Pharmaceuticals and in the successful completion of the Rafael Spin-Off. Mr. Ash is also actively involved in the legal aspects of dealing with third parties, including commercial relationships, strategic partnerships and disputes.



David Wartell received a cash bonus of \$100,000, an increase from \$8,500 paid for Fiscal 2017 when he was employed by the Company for only a portion of the period. As the Company's Chief Technology Officer, Mr. Wartell is responsible for managing all technology development at the Company. He is instrumental in planning development goals and determining what can be accomplished, as well as allocation of resources. He also directed the restructuring of the technology organization within the Company and instituting incentives and agile development processes.



Howard Jonas did not receive a cash bonus for Fiscal 2018 performance. Howard Jonas provides strategic guidance to the Company and is actively involved in all major decisions and in the implementation of key initiatives for the Company.



Base Salaries

The Company paid base salaries to its executives intended to meet the goals and purposes outlined above. The base salaries of certain executives are set forth in written agreements with the Company. Subject to those written agreements, the base salaries are set by the Compensation Committee on an annual basis,









based on presentations made by management. No changes were made to the base compensation of any Named Executive Officers for Fiscal 2018, and all such salaries remained at the Fiscal 2017 level.



Pursuant to the Fourth Amended and Restated Employment Agreement (the “Fourth Amended H. Jonas Agreement”), dated December 14, 2016, between the Company and Howard Jonas that is discussed in more detail below, Howard Jonas receives a cash base salary of \$250,000 per annum. In addition, in Fiscal 2017, under the agreement, he received a grant of 69,624 restricted shares of Class B Common Stock of the Company that vest over the term of the agreement.



Shmuel Jonas receives a base salary of \$495,000 per annum.





Marcelo Fischer receives a base salary of \$395,000 per annum.



Under the agreement described below, Bill Pereira receives a base salary of \$500,000 per annum.



Mr. Ash received a base salary of \$370,000 per annum until April 9, 2018, when his base salary was reduced to \$185,000 per annum as a result of Mr. Ash being the President of Rafael Holdings, Inc., a former subsidiary of the Company that was spun off to stockholders in March 2018.



Mr. Wartell receives a base salary of \$300,000 per annum.





Equity Grants

There were no equity grants made to executive officers of the Company in Fiscal 2018.



Employment Agreement

On December 5, 2017, the Company entered into an agreement with Bill Pereira. Under the agreement, effective December 31, 2017, the existing employment agreement between IDT Telecom and Mr. Pereira was terminated, and Mr. Pereira's role changed from Chief Executive Officer of IDT Telecom to serving as President and Chief Operating Officer of the Company. Mr. Pereira is paid a \$425,000 bonus over the course of the remainder of Fiscal 2018. Mr. Pereira was paid a base salary of \$500,000 per year, and will have a target annual bonus of \$300,000, based on performance and as approved by the Compensation Committee. Mr. Pereira will also be entitled to participate in any of the Company's broad-based equity grants to its employees. Should Mr. Pereira's employment be terminated without Cause or should he resign for Good Reason (as such terms are defined in the agreement), the Company will be obligated to pay him severance of \$800,000. The agreement continues until it is terminated by either the Registrant or Mr. Pereira.



Compensation Decisions Made in Fiscal 2017



Goals and Performance

At a meeting held on September 21, 2016, the Compensation Committee approved the following goals for Fiscal 2017: (i) meet or exceed budgeted revenue and/or budgeted relevant margin; (ii) meet or exceed budgeted EBITDA less capital expenditures (excluding capital expenditures made by entities in which IDT has a minority interest); (iii) achieve positive cash flow (excluding results of entities included in IDT's consolidated financial results in which IDT owns a minority equity interest); (iv) launch MVNO beta in the marketplace; (v) release version 3.0 of Boss Revolution calling app (including messaging and peer-to-peer calling) along with various version enhancements including introduction of Boss Share; (vi) grow net2Phone Office seats, expand into Brazil, and launch PICUP premium features including an app for outbound service; (vii) continue growing money remittance via geographic expansion, release of a payments app for money remittance, while launching initial version of new payment mechanism; (viii) grow National Retail Solutions and enhance functionality; (ix) release new version of Boss Revolution retailer portal nationwide and expand its functionality to include Money Remittance, Bill Pay and deeper integration with NRS; (x) continue to upgrade IDT Telecom technology infrastructure by improving back-end systems, automating processes, expanding deployment of Birst initiative, and moving a significant amount of applications to the cloud; (xi) develop Beta version of next generation communications app as well as MagicWords 2.0; (xii) maintain PCI Level 1 compliance; (xiii) diversify current revenue stream to more destinations both for calling and remittance by targeting a more diverse immigrant population; and (xiv) complete NCT customer and network migration.







At a meeting held on September 18, 2017, management reported to the Compensation Committee on the Company's performance relative to the above goals as follows:



- The Company exceeded its budgeted revenue and its internal measure of gross profit;





- The Company's EBITDA less capital expenditures (excluding capital expenditures made by entities in which IDT has a minority interest) exceeded budget;



- The Company did not achieve positive cash flow;



- IDT Telecom launched an MVNO beta offering in Denver, Colorado;



- Version 3.0 of Boss Revolution calling app (including messaging and peer-to-peer calling) along with various version enhancements including introduction of Boss Share was successfully launched;





- net2Phone Office seats grew but did not achieve the Company's internal target; service was expanded into Brazil and Argentina; and PICUP premium features were introduced, all as the Company's UCaaS segment;



- Money remittance was expanded geographically, and the number of transactions processed grew by 70%; payment app was launched;



- National Retail Solutions met its targets for installations of its POS terminals and enhanced functionality;



- The Boss Revolution retailer portal was launched but with more limited functionality than was targeted;





- Certain upgrades to IDT Telecom technology infrastructure were successfully implemented; expanded deployment of Birst and initiative to moving a significant amount of applications to the cloud is behind schedule;



- MagicWords 2.0 was completed; focus shifted from Beta version of next generation communications app to version 4.0 of the Calling App;



- The Company maintained PCI Level 1 compliance;



- Revenue streams were diversified in accordance with plan; and





- NCT customer and network migration were completed.



In addition, Rafael Pharmaceuticals, in which the Company owns interests, was cleared by the FDA to conduct further clinical trials.



Bonus Awards for Fiscal 2017 Performance

Despite the achievement of the majority of the goals set for Fiscal 2017, in light of the Company's overall operational performance in Fiscal 2017, management recommended reduced performance bonuses from Fiscal 2016 levels for all executives with direct responsibility for operational matters. The following individual bonus levels were determined and paid in Fiscal 2018 in respect of Fiscal 2017:





Shmuel Jonas received a cash bonus of \$236,500. For Fiscal 2016, he received no cash bonus, but was granted equity representing 7.5% of the equity interests in NRS. For Fiscal 2015, he received a cash bonus of \$330,000. Shmuel Jonas provided overall strategic guidance, making key decisions as to direction and on new initiatives. He continued to implement cost cutting efforts that enable the Company to maintain performance in extremely challenging competitive and industry environments.



Marcelo Fischer was paid a cash bonus of \$103,500, a reduction from \$120,000 paid in respect of Fiscal 2016. The reduction was in line with the cut to operational executive bonuses described above. As the principal financial officer of the Company and the Chief Financial officer of IDT Telecom, Mr. Fischer is one of the principal executives responsible for strategic planning and anticipating changes to the marketplace







and in preparing responses to such changes. He was an essential participant in planning and executing on IDT Telecom's new initiatives. He plays a significant role in internal controls and other matters necessary to achieve and maintain PCI compliance.





Bill Pereira was paid a cash bonus of \$400,000, a reduction from \$600,000 he received for Fiscal 2016. The reduction was in line with the cut to operational executive bonuses described above. As Chief Executive Officer of IDT Telecom, Mr. Pereira is closely and directly involved in all aspects of IDT Telecom operations. Mr. Pereira was the principal executive responsible for developing and implementing all initiatives related to new products and existing products. Mr. Pereira is a principal decision maker on allocation of resources to developing operations. He provided the strategic guidance in balancing current performance and investment in future growth. Finally, he was integral to the changes implemented in IDT Telecom infrastructure and internal compliance efforts.



Menachem Ash was paid a cash bonus of \$185,000, an increase from the \$100,000 bonus he received for Fiscal 2016 performance. Mr. Ash is responsible for supporting existing operations and plays a significant role in various strategic initiatives. He successfully navigated the resolution of several legal and regulatory matters and played a key role in supporting development at Rafael Pharmaceuticals and in the planned spin-off of the Company's non-core assets and operations. Mr. Ash is also actively involved in the legal aspects of dealing with third parties, including commercial relationships, strategic partnerships and disputes.



Howard Jonas did not receive a cash bonus for Fiscal 2017 performance. For Fiscal 2016, he received equity interests representing 2.5% of the equity interests in NRS. Howard Jonas provides strategic guidance to the Company and is actively involved in all major decisions and in the implementation of key initiatives for the Company.



Base Salaries

The Company paid base salaries to its executives intended to meet the goals and purposes outlined above. The base salaries of certain executives are set forth in written agreements with the Company, which agreements are described below. Subject to those written agreements, the base salaries are set by the Compensation Committee on an annual basis, based on presentations made by management. No changes were made to the base compensation of any executive officers for Fiscal 2017, and all such salaries remained at the Fiscal 2016 level.





Pursuant to the Fourth Amended H. Jonas Agreement, Howard Jonas receives a cash base salary of \$250,000 per annum, plus he received a grant of 69,624 restricted shares of Class B Common Stock of the Company that vest over the term of the agreement.



Shmuel Jonas received a base salary of \$495,000 per annum.



Marcelo Fischer received a base salary of \$395,000 per annum.



Under an employment agreement with IDT Telecom, Bill Pereira received a base salary of \$500,000 per annum. That agreement expired on December 31, 2017.





Mr. Ash received a base salary of \$370,000 per annum.



Equity Grants

In connection with the entry into the Fourth Amended H. Jonas Agreement, the Company granted 69,624 restricted shares of Class B Common Stock of the Company to Howard Jonas. The shares vest in equal installments in January 2017, 2018 and 2019 and constitute a portion of Howard Jonas' base compensation for the term of the agreement.



On May 2, 2017, the Company granted Howard Jonas options to purchase 1,000,000 shares of the Company's Class B Common Stock at a price per share of \$14.93 per share, which was the closing price of the Class B Common Stock on the day prior to the grant date. The options have a term of five years. The options were exercisable upon grant, and, subject to the terms of the Fourth Amended H. Jonas Agreement, the Company has the right to repurchase the shares (if the option is exercised) at the exercise price upon termination of Howard Jonas' employment with the Company. The repurchase right lapses pro rata in May 2018, 2019 and 2020 and the option grant is subject to ratification by the Company's stockholders. The









options were granted in connection with Howard Jonas' expanded role managing the Company's investment in Rafael Pharmaceuticals.



Employment Agreement

On December 14, 2016, the Company and Howard Jonas entered into the Fourth Amended H. Jonas Agreement that replaced the Third Amended and Restated Employment Agreement that was expiring. The Company entered into the agreement to ensure the continued service of Howard Jonas. The terms of the agreement are described in more detail below.



Compensation Decisions Made in Fiscal 2016



Goals and Performance

At a meeting held on September 24, 2015, the Compensation Committee approved the following goals for Fiscal 2016: (i) meet or exceed (A) budgeted Revenue and/or (B) budgeted direct cost of revenue as a percentage of revenue (“Relevant Margin”); (ii) meet or exceed budgeted EBITDA less Capital Expenditures; (iii) achieve positive cash flow; (iv) reorganize the Company into three separate entities, with goal to spin-off two business units to stockholders; (v) continue to enhance Boss Revolution product platform including the introduction of new functionality and products; (vi) get closer to consumers by updating the Boss Revolution Calling App, providing for greater flexibility and expanding options for customers to access our systems and their accounts; (vii) significantly grow the Money Remittance business unit’s number of transactions processed via the retailer portal and website and advance payment functionality; (viii) grow the IDT Retail point of sale offering; (ix) grow net2Phone Office seats and other net2Phone initiatives; (x) operate South American retail operations at break even or positive; (xi) continue to improve IDT Telecom technology infrastructure by reducing duplicate platforms when possible, improving internal systems and platforms, and moving a significant number of applications to the Cloud; (xii) maintain PCI Level 1 compliance; and (xiii) grow Zedge revenues by 25% while having it remain cash flow positive.



At a meeting held on September 21, 2016, management reported to the Compensation Committee on the Company's performance relative to the above goals as follows:



- The Company missed its internal revenue target by 2.2% and Relevant Margin target by 4.9%, as the pressures in the U.S. to Mexico corridor negatively impacted performance.



- The Company exceeded its internal EBITDA less Capital Expenditures target by 7.6% and generated \$30.7 million in cash flow from operations less capital expenditures.





- The Zedge spin-off was successfully completed and the spin-off of other non-telecom operations was deferred as management focused on alternative strategic initiatives.



- While advances were made, management did not believe it met its goal with respect to enhancements of the Boss Revolution product and platform.



- The Boss Revolution calling app was not launched, but other advances were made.



- Money remittance transactions increased but fell short of internal targets.





- IDT Retail Solutions grew installations but missed its internal target for store count. Investment exceeded budget.



- net2Phone Office grew beyond internal targets. PICUP launched and spent far less than was budgeted.



- South American Retail operations were profitable.



- Significant progress was made in the multi-year plan to improve IDT Telecom infrastructure.





- The Company maintained PCI Level 1 compliance.



- Zedge revenues grew 23% and it achieved record operational profitability.







Bonus Awards for Fiscal 2016 Performance



In connection with performance and accomplishments, management recommended, and the Compensation Committee approved, in general, to maintain bonuses for executive officers and other key employees at the prior year level, with some increases and decreases in specific circumstances. The following individual bonus levels were determined and paid in Fiscal 2017 in respect of Fiscal 2016:



Shmuel Jonas did not receive a cash bonus for Fiscal 2016, compared to the \$330,000 cash bonus he received in Fiscal 2015, but the Compensation Committee did approve the transfer of equity in NRS to him discussed below in respect of his performance during Fiscal 2016 and contribution to the achievement of the stated goals. Shmuel was instrumental in providing overall strategic guidance, support of new initiatives and the cost cutting efforts that enabled the Company to operate profitably despite revenue and margin pressure. In light of the steps undertaken by the Company, Shmuel Jonas refused a cash bonus.



Marcelo Fischer was paid a cash bonus of \$120,000, unchanged from the prior fiscal year's bonus. As the principal financial officer of the Company and the Chief Financial officer of IDT Telecom, Mr. Fischer was involved in all decisions on budgeting, new initiatives, spending and otherwise related to IDT Telecom operations and execution of the initiatives that produced the Company's results. He was an essential participant in the spin-off of Zedge and driving the growth of new initiatives. He helped to craft and implement the responses to the challenges from the changes on the U.S. to Mexico route, and played a significant role in the internal controls and other matters necessary to achieve and maintain PCI compliance.



Bill Pereira was paid a cash bonus of \$600,000, unchanged from the prior year. As Chief Executive Officer of IDT Telecom, Mr. Pereira was the principal executive responsible for IDT Telecom's performance and for implementing all initiatives related to new products and growth of sales of existing products. He played a leading role in all strategic initiatives involving IDT Telecom. Mr. Pereira was the principal decision maker on the launch of new products, customer relations initiatives and relations with strategic partners, as well as on allocation of resources to developing operations. He provided the strategic guidance in balancing current performance and investment in future growth. Finally, he was integral to the changes implemented in IDT Telecom infrastructure and internal compliance efforts.





Menachem Ash was paid a cash bonus of \$100,000, an increase of \$15,000 from the bonus he received for Fiscal 2015 performance. Mr. Ash served as Executive Vice President of Strategy and Legal Affairs and was actively involved in the legal aspects of many matters and dealing with third parties, including commercial relationships, strategic partnerships and disputes. Mr. Ash was instrumental in creating the infrastructure that houses and supports many of the new initiatives and consummated certain strategic investments advanced by the Company during Fiscal 2016. He played a major role in implementing the Zedge spin-off.



Howard Jonas did not receive a cash bonus for Fiscal 2016 performance, but the Compensation Committee did approve the transfer of equity in NRS discussed below in respect of his performance during Fiscal 2016 and contribution to the achievement of the stated goals. Howard Jonas provides strategic guidance to the Company and is actively involved in all major decisions and in the implementation of key initiatives for the Company.



Base Salaries

The Company pays base salaries to its executives intended to meet the goals and purposes outlined above. The base salaries of certain executives are set forth in written agreements with the Company, which agreements are described below. Subject to those written agreements, the base salaries are set by the Compensation Committee on an annual basis, based on presentations made by management. No changes were made to the base compensation of any executive officers for Fiscal 2017, therefore all such salaries in Fiscal 2016 were the same as Fiscal 2017 described above.



Equity Grants in respect of Fiscal 2016 Performance



At a meeting held on September 21, 2016, the Compensation Committee approved the transfer of equity interests in NRS to Shmuel Jonas and Howard Jonas. Shmuel Jonas received common stock representing 7.5%, and Howard Jonas received common stock representing 2.5%, of the total equity in NRS. The grants were made on November 2, 2016, after a valuation of NRS was completed, and vest in equal portions on the first, second and third anniversaries of the grant date, and are entitled to protection against dilution.







Goals for Fiscal Year 2019

At a meeting held on September 13, 2018, the Compensation Committee approved executive compensation goals for Fiscal 2019. The goals set were more granular than in past years and focused on specific business units or departments as well as on the Company as a whole. The Compensation Committee may consider performance during Fiscal 2019 relative to the expanded list of goals either overall, or with respect to specific executives with responsibility for the relevant unit or department. The goals listed below are those that are expected to be more directly relevant to executive performance-based compensation.



- Meet or exceed budgeted revenue and gross profit (excluding European retail operations and results from the Gibraltar-based bank) Company-wide and for specific business verticals;





- Meet or exceed budgeted EBITDA and EBITDA less Capex (excluding European retail operations and results from the Gibraltar-based bank);



- Achieve positive cash flow;



- Transition Boss Revolution Mobile to weekly plans and add a family offering; expand availability of compatible devices and provide consumers with a financing option to acquire a device;



- Expand network of wireless distributors for Boss Revolution Mobile; grow user base;





- Upgrade boss Revolution Retailer PINless portal; expand plan offerings synergistically with other business verticals;



- Improve interactions with Boss Revolution retailers by piloting use of Salesforce;



- Increase monthly user base for Calling App; Complete migration to version 4.0;



- Grow money remittance retailer-based and direct to consumer transactions; improve gross profit contribution; expand geographic focus;





- Improve user experience for retailers and expand payment options for consumers of money remittance;



- Create Boss Revolution wallet;



- Test crypto currency in-app purchases;



- Grow net2phone seats organically; expand to additional Latin American and Asian countries;





- Roll out unified net2phone offering;



- Integrate Versature acquisition;



- Grow Wholesale Carrier Services' strategic relationships;



- Evaluate use of blockchain to increase efficiencies of Wholesale Carrier Services;





- Grow NRS installed base and credit card processing accounts; increase and diversify NRS revenue;



- Launch NRS consumer and retailer ordering apps;



- Further integrate Boss Revolution Portal and NRS;



- Improve efficiency and implement cost savings in technology development while maintaining established SLA's;  
and





- Transition credit card processing for certain transaction types while maintaining PCI compliance.







EXECUTIVE COMPENSATION TABLES

Summary Compensation Table

The table below summarizes the total compensation paid or awarded for performance during Fiscal 2018 and, where required, Fiscal 2017 and Fiscal 2016, to each of the Chief Executive Officer, the principal financial officer, the three other highest paid executive officers of the Company during Fiscal 2018, and Howard S. Jonas, the Chairman of the Board (the “Named Executive Officers”).





Edgar Filing: IDT CORP - Form DEF 14A

| Name and Principal Position | Fiscal Year | Salary (\$)(1) | Bonus (\$)(1) | Stock Awards (\$)(2) | Option Awards (\$)(2) | All Other Compensation (\$) | Total (\$) |
|-----------------------------|-------------|----------------|---------------|----------------------|-----------------------|-----------------------------|------------|
|-----------------------------|-------------|----------------|---------------|----------------------|-----------------------|-----------------------------|------------|



Edgar Filing: IDT CORP - Form DEF 14A

Shmuel Jonas

2018 \$ 495,000 \$ 355,000 \$ — \$ — \$ 5,040 (4) \$ 8



Edgar Filing: IDT CORP - Form DEF 14A

|                            |      |            |            |      |      |           |     |      |
|----------------------------|------|------------|------------|------|------|-----------|-----|------|
| Chief Executive Officer(3) | 2017 | \$ 495,000 | \$ 236,500 | \$ — | \$ — | \$ 19,643 | (4) | \$ 7 |
|----------------------------|------|------------|------------|------|------|-----------|-----|------|



Edgar Filing: IDT CORP - Form DEF 14A

|      |            |      |           |     |      |           |     |      |
|------|------------|------|-----------|-----|------|-----------|-----|------|
| 2016 | \$ 495,000 | \$ — | \$ 93,450 | (5) | \$ — | \$ 37,226 | (4) | \$ 0 |
|------|------------|------|-----------|-----|------|-----------|-----|------|





Edgar Filing: IDT CORP - Form DEF 14A

Howard S. Jonas

2018 \$ 250,000 \$ — \$ — \$ — \$ 23,816 (7) \$ 2



Edgar Filing: IDT CORP - Form DEF 14A

|                          |      |            |      |              |     |              |     |           |      |      |
|--------------------------|------|------------|------|--------------|-----|--------------|-----|-----------|------|------|
| Chairman of the Board(6) | 2017 | \$ 250,000 | \$ — | \$ 1,366,023 | (8) | \$ 3,261,198 | (9) | \$ 17,638 | (10) | \$ 4 |
|--------------------------|------|------------|------|--------------|-----|--------------|-----|-----------|------|------|



Edgar Filing: IDT CORP - Form DEF 14A

|      |            |      |           |      |      |          |      |      |
|------|------------|------|-----------|------|------|----------|------|------|
| 2016 | \$ 250,000 | \$ — | \$ 31,150 | (11) | \$ — | \$ 7,810 | (10) | \$ 2 |
|------|------------|------|-----------|------|------|----------|------|------|



Edgar Filing: IDT CORP - Form DEF 14A

Marcelo Fischer

2018 \$ 395,000 \$ 115,000 \$ — \$ — \$ 6,200 (13) \$ 5





Edgar Filing: IDT CORP - Form DEF 14A

|                                      |            |            |      |      |           |      |      |
|--------------------------------------|------------|------------|------|------|-----------|------|------|
| Senior Vice President – Finance 2017 | \$ 395,000 | \$ 103,500 | \$ — | \$ — | \$ 10,550 | (14) | \$ 5 |
|--------------------------------------|------------|------------|------|------|-----------|------|------|



Edgar Filing: IDT CORP - Form DEF 14A

(Principal Financial  
Officer)(12)

|      |            |            |      |      |           |      |      |
|------|------------|------------|------|------|-----------|------|------|
| 2016 | \$ 395,000 | \$ 120,000 | \$ — | \$ — | \$ 13,250 | (15) | \$ 5 |
|------|------------|------------|------|------|-----------|------|------|



Edgar Filing: IDT CORP - Form DEF 14A

Bill Pereira

2018 \$ 500,000 \$ 725,000 \$ — \$ — \$ 10,207 (17) \$ 1



Edgar Filing: IDT CORP - Form DEF 14A

|                               |      |            |            |      |      |           |      |      |
|-------------------------------|------|------------|------------|------|------|-----------|------|------|
| President and Chief Operating | 2017 | \$ 500,000 | \$ 400,000 | \$ — | \$ — | \$ 21,760 | (18) | \$ 9 |
|-------------------------------|------|------------|------------|------|------|-----------|------|------|





Edgar Filing: IDT CORP - Form DEF 14A

|                           |      |            |            |      |           |      |           |      |      |
|---------------------------|------|------------|------------|------|-----------|------|-----------|------|------|
| Officer, Board Member(16) | 2016 | \$ 500,000 | \$ 600,000 | \$ — | \$ 22,263 | (19) | \$ 31,083 | (20) | \$ 1 |
|---------------------------|------|------------|------------|------|-----------|------|-----------|------|------|



Edgar Filing: IDT CORP - Form DEF 14A

Menachem Ash

2018 \$ 313,077 \$ 330,000 \$ — \$ — \$ 4,100 (22) \$ 0



Edgar Filing: IDT CORP - Form DEF 14A

|                             |      |            |            |      |      |          |      |      |
|-----------------------------|------|------------|------------|------|------|----------|------|------|
| Executive Vice President of | 2017 | \$ 370,000 | \$ 185,000 | \$ — | \$ — | \$ 6,275 | (23) | \$ 5 |
|-----------------------------|------|------------|------------|------|------|----------|------|------|



Edgar Filing: IDT CORP - Form DEF 14A

|                                |      |            |            |      |      |          |      |      |
|--------------------------------|------|------------|------------|------|------|----------|------|------|
| Strategy and Legal Affairs(21) | 2016 | \$ 370,000 | \$ 100,000 | \$ — | \$ — | \$ 7,625 | (24) | \$ 4 |
|--------------------------------|------|------------|------------|------|------|----------|------|------|





Edgar Filing: IDT CORP - Form DEF 14A

David Wartell

2018 \$ 275,865 \$ 100,000 \$ — \$ — \$ 5,600 (26) \$ 3



Chief Technology Officer(25)



(1) The Company's executive compensation structure is designed to attract and retain qualified and motivated personnel and align their interests with that of the Company and its stockholders. The Named Executive Officers were awarded bonuses based on certain accomplishments in respect of the relevant fiscal year, as set forth in the Compensation Discussion and Analysis above. The Company does not target any specific proportion of total compensation in setting base salary and bonus compensation.



(2) The amounts shown in these columns reflect the aggregate grant date fair value of restricted stock awards and option awards computed in accordance with FASB ASC Topic 718. In valuing such awards, the Company made certain assumptions. For a discussion of those assumptions, please see Note 17 – Stock-Based Compensation to our Consolidated Financial Statements included in our Annual Report on Form 10-K for the Fiscal Year ended July 31, 2018. Restricted Class B Common stockholders are entitled to receive any dividends paid on Class B Common Stock of the Company. Stock Awards include the value of stock awards made in a subsequent fiscal year for services during the fiscal year in question.





(3) Shmuel Jonas served as Chief Operating Officer from June 24, 2012 until December 31, 2013; and was elected Chief Executive Officer as of January 1, 2014.



(4) Represents dividends paid on unvested restricted shares of Class B Common Stock that were held by Shmuel Jonas.



(5) Consists of the value of 30,000 restricted shares of Class B Common Stock of National Retail Solutions Inc., a subsidiary of the Company (“NRS”), granted on November 2, 2016 to vest equally on each of November 2, 2017, 2018 and 2019. These 30,000 shares represented 7.5% of the outstanding equity of NRS as of October 22, 2016. Although this stock grant was issued to Shmuel Jonas during Fiscal 2017, it is included above in Fiscal 2016 because it was granted as a bonus to Shmuel Jonas in connection with his service to the Company during Fiscal 2016.



(6) Howard S. Jonas served as Chief Executive Officer from October 22, 2009 until December 31, 2013 and has served as Chairman of the Board since December 11, 2002.





(7) Consists of (i) \$21,816 in dividends paid on shares of unvested restricted of Class B Common Stock that were held by Howard S. Jonas and (ii) \$2,000, which represents the value of Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.



(8) Consists of the value of a grant of 69,624 restricted shares of Class B Common Stock granted on January 5, 2017 to vest as to 23,208 shares on each of January 5, 2017, January 5, 2018 and January 5, 2019.



(9) Consists of the value of a grant of an option to purchase up to 1,000,000 shares of Class B Common Stock granted on May 2, 2017 with an exercise price of \$14.93 per share and with certain repurchase rights by the Company that vested in full immediately upon grant.



(10) Represents dividends paid on unvested restricted shares of Class B Common Stock that were held by Howard S. Jonas.









(11) Consists of the value of 10,000 restricted shares of Class B Common Stock of NRS, granted on November 2, 2016 to vest equally on each of November 2, 2017, 2018 and 2019. These 10,000 shares represented 2.5% of the outstanding equity of NRS as of October 22, 2016. Although this stock grant was issued to Howard S. Jonas during Fiscal 2017, it is included above in Fiscal 2016 because it was granted as a bonus to Howard S. Jonas in connection with his service to the Company during Fiscal 2016.



(12) Mr. Fischer was appointed as Senior Vice President—Finance on October 31, 2011, and is the principal financial officer of the Company.



(13) Consists of (i) \$4,000 in dividends paid on shares of unvested restricted of Class B Common Stock that were held by Marcelo Fischer and (ii) \$2,000, which represents the value of Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.





(14) Consists of (i) \$8,550 in dividends paid on shares of unvested restricted of Class B Common Stock that were held by Marcelo Fischer and (ii) \$2,000, which represents the value of Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.



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



(16) Mr. Pereira served as Chief Executive Officer and President of IDT Telecom until December 31, 2017, at which time he was appointed as President and Chief Operating Officer. Mr. Pereira does not receive compensation for his role as a director of the Company.



(17) Consists of (i) \$8,207 in dividends paid on unvested restricted shares of Class B Common Stock that were held by Mr. Pereira and (ii) \$2,000, which represents the value of Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.





(18) Consists of (i) \$19,760 in dividends paid on unvested restricted shares of Class B Common Stock that were held by Mr. Pereira and (ii) \$2,000, which represents the value of Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.



(19) Represents the value of the issuance to Mr. Pereira on June 7, 2016 of fully vested options to purchase 10,222 shares of Class B Common Stock at \$13.93 per share with an expiration date of April 22, 2020. This issuance was in connection with the amendment of the exercise price of an outstanding option in connection with the spinoff of Zedge, Inc., resulting in the deemed cancellation of the “old” option and the grant of a replacement option. The corresponding cancelled option was originally granted on April 23, 2007 with an exercise price of \$16.18 and was fully vested.



(20) Consists of (i) \$29,083 in dividends paid on unvested restricted shares of Class B Common Stock that were held by Mr. Pereira and (ii) \$2,000, which represents the value of Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.



(21) Mr. Ash has served as Executive Vice President of Strategy and Legal Affairs since October 23, 2012.





(22) Consists of (i) \$2,100 in dividends paid on unvested restricted shares of Class B Common Stock that were held by Mr. Ash and (ii) \$2,000, which represents the value of Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.



(23) Consists of (i) \$4,275 in dividends paid on unvested restricted shares of Class B Common Stock that were held by Mr. Ash and (ii) \$2,000, which represents the value of Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.



(24) Consists of (i) \$5,625 in dividends paid on unvested restricted shares of Class B Common Stock that were held by Mr. Ash and (ii) \$2,000, which represents the value of Class B Common Stock given as a matching contribution to the IDT Corporation 401(k) plan.



(25) Mr. Wartell has served as Chief Technology Officer since March 2018.





(26) Consists of dividends paid on unvested restricted shares of Class B Common Stock that were held by Mr. Wartell.



Employment Agreements

Howard S. Jonas: On October 28, 2011, the Company and Howard S. Jonas entered into the Second Amended and Restated Employment Agreement (the “Second Revised Jonas Agreement”) with a term from October 28, 2011 to December 31, 2013. Pursuant to the Second Revised Jonas Agreement, Howard S. Jonas was entitled to receive an annual cash base salary of \$50,000 and 883,333 restricted shares of Common Stock (which were later converted to shares of Class B Common Stock) and 1,176,427 restricted shares of Class B Common Stock in lieu of a cash base salary from January 1, 2009 through December 31, 2013.



On October 28, 2011, the Company spun off its subsidiary, Genie Energy Ltd. Since the spin-off, Howard S. Jonas has served as the Chairman of the Board of Genie Energy and, since January 1, 2014, also as Chief Executive Officer of Genie Energy.





On November 29, 2013, the Company announced that Howard S. Jonas would step down as Chief Executive Officer of the Company on December 31, 2013, but would remain Chairman of the Board. On December 20, 2013, the Company and Howard S. Jonas entered into the Third Amended and Restated Employment Agreement (the “Third Revised Jonas Agreement”) with a term from January 1, 2014 to December 31, 2016. Pursuant to the Third Revised Jonas Agreement, Howard S. Jonas (i) served as Chairman of the Board of Directors of the Company, (ii) received an annual cash base salary of \$250,000 and (iii) received a grant of 63,320 restricted shares of Class B Common Stock that vested in equal amounts on January 5th of 2014, 2015 and 2016.







On December 14, 2016, the Company and Howard S. Jonas entered into the Fourth Amended and Restated Employment Agreement (the “Fourth Revised Jonas Agreement”) with a term from January 1, 2017 to December 31, 2019. Pursuant to the Fourth Revised Jonas Agreement, Howard S. Jonas (i) will serve as Chairman of the Board of Directors of the Company, (ii) will receive an annual cash base salary of \$250,000 and (iii) received a grant of 69,624 restricted shares of Class B Common Stock that as to vest in equal amounts on January 5th of 2017, 2018 and 2019.



Bill Pereira: On January 12, 2015, Mr. Pereira and IDT Telecom entered into an Amended and Restated Employment Agreement (the “Revised Pereira Agreement”), pursuant to which Mr. Pereira received an annual base salary of \$500,000 from January 1, 2015 to December 31, 2017 (the term of the Revised Pereira Agreement). In addition, Mr. Pereira was entitled to participate in any established bonus program for senior executive management as approved by the Compensation Committee. Mr. Pereira also received, on January 12, 2015, a grant of 25,000 restricted shares of the Company’s Class B Common Stock, which was granted pursuant to the Company’s 2015 Plan, and vested in three equal annual installments commencing on January 5, 2016. Among other things, the Revised Pereira Agreement provided that Mr. Pereira would serve as Chief Executive Officer of IDT Telecom. The Revised Pereira Agreement was automatically extendable for additional one-year periods unless IDT Telecom or Mr. Pereira notified the other within sixty days of the end of the term that the agreement would not be extended.





On December 5, 2017, the Company entered into an agreement with Mr. Pereira (the “Second Pereira Agreement”). Under the Second Pereira Agreement, effective December 31, 2017, the Revised Pereira Agreement was terminated, and Mr. Pereira’s role changed from Chief Executive Officer of IDT Telecom to serving as President and Chief Operating Officer of the Company. Mr. Pereira was paid a \$425,000 bonus over the course of the remainder of fiscal 2018. Mr. Pereira is paid a base salary of \$500,000 per year, and will have a target annual bonus of \$300,000, based on performance and as approved by the Compensation Committee. Mr. Pereira will also be entitled to participate in any of the Company’s broad-based equity grants to its employees. Should Mr. Pereira’s employment be terminated without Cause or should he resign for Good Reason (as such terms are defined in the Second Pereira Agreement), the Company will be obligated to pay him severance of \$800,000. The Second Pereira Agreement continues until it is terminated by either the Company or Mr. Pereira.



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



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



Grants of Plan-Based Awards

There were no grants of plan-based awards to Named Executive Officers in Fiscal 2018.





Outstanding Equity Awards at Fiscal Year-End

The following table sets forth all equity awards made to each of the Named Executive Officers that were outstanding at the end of Fiscal 2018.



Option Awards

Stock Awards



Edgar Filing: IDT CORP - Form DEF 14A

| Name | Number of Securities Underlying Unexercised Options (#) Exercisable | Number of Securities Underlying Unexercised Options (#) Unexercisable | Option Exercise Price (\$) | Option Expiration Date | Number of Shares or Units of Stock That Have Not Vested (#) | Market Value of Shares or Units of Stock That Have Not Vested (\$)(1) |
|------|---------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------|------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------|
|------|---------------------------------------------------------------------|-----------------------------------------------------------------------|----------------------------|------------------------|-------------------------------------------------------------|-----------------------------------------------------------------------|





Edgar Filing: IDT CORP - Form DEF 14A

|                 |           |   |          |            |        |     |            |
|-----------------|-----------|---|----------|------------|--------|-----|------------|
| Howard S. Jonas | 1,000,000 | — | \$ 14.93 | 05/01/2022 | 23,208 | (2) | \$ 121,842 |
|-----------------|-----------|---|----------|------------|--------|-----|------------|



David Wartell

10,000 (3) \$ 52,500



(1) Market value is computed by multiplying the closing market price of our Class B Common Stock on July 31, 2018, the last day that the stock was traded in Fiscal 2018 (\$5.25), by the number of restricted shares of Class B Common Stock that had not vested as of July 31, 2018.









- (2) Restricted shares of Class B Common Stock to vest on January 5, 2019.



(3) Restricted shares of Class B Common Stock to vest as follows: 5,000 shares on each of November 30, 2018 and May 30, 2020.



Option Exercises and Stock Vested

The following table sets forth information regarding the restricted shares of Class B Common Stock that vested for each of the Named Executive Officers in Fiscal 2018. No stock options were exercised by a Named Executive Officer in Fiscal 2018.



Option Awards

Restricted Stock Awards





Edgar Filing: IDT CORP - Form DEF 14A

| Name | Number of<br>Shares<br>Acquired<br>Upon<br>Exercise<br>(#) | Value<br>Realized<br>On<br>Exercise<br>(\$) | Number of<br>Shares<br>Acquired<br>Upon<br>Vesting<br>(#) | Number of<br>Shares<br>Withheld<br>to Cover<br>Taxes<br>(#) | Value<br>Realized<br>on Vesting<br>\$(1) |
|------|------------------------------------------------------------|---------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|------------------------------------------|
|------|------------------------------------------------------------|---------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------|------------------------------------------|



|              |   |    |   |       |       |         |
|--------------|---|----|---|-------|-------|---------|
| Shmuel Jonas | — | \$ | — | 8,544 | 4,594 | 108,510 |
|--------------|---|----|---|-------|-------|---------|



|                 |   |    |   |       |       |        |
|-----------------|---|----|---|-------|-------|--------|
| Marcelo Fischer | — | \$ | — | 4,830 | 2,670 | 41,700 |
|-----------------|---|----|---|-------|-------|--------|



|              |   |    |   |       |       |         |
|--------------|---|----|---|-------|-------|---------|
| Bill Pereira | — | \$ | — | 9,618 | 7,715 | 188,673 |
|--------------|---|----|---|-------|-------|---------|





|              |   |    |   |       |       |        |
|--------------|---|----|---|-------|-------|--------|
| Menachem Ash | — | \$ | — | 2,466 | 1,284 | 20,850 |
|--------------|---|----|---|-------|-------|--------|



|                 |   |    |   |   |        |         |
|-----------------|---|----|---|---|--------|---------|
| Howard S. Jonas | — | \$ | — | 0 | 23,208 | 258,769 |
|-----------------|---|----|---|---|--------|---------|



David Wartell — \$ — — — —



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





CEO Pay Ratio

Under the Dodd-Frank Act, the SEC requires disclosure of the Company's Chief Executive Officer to median employee pay ratio in this Proxy Statement. The Company identified the median employee by examining the Fiscal 2018 total cash compensation and the approved value of the annual equity awards granted during Fiscal 2018 for all individuals, excluding its Chief Executive Officer, who were employed by it on July 31, 2018, the last day of its fiscal payroll year. The Company included all employees, whether employed on a full-time, part-time, or seasonal basis. The Company did not make any assumptions, adjustments, or estimates with respect to total cash compensation, and it did not annualize the compensation for any full-time employees that were not employed by it for all of Fiscal 2018. Because the SEC rules for identifying the median compensated employee and calculating the pay ratio based on that employee's annual total compensation allow companies to adopt a variety of methodologies, to apply certain exclusions, and to make reasonable estimates and assumptions that reflect their compensation practices, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different employment and compensation practices and may utilize different methodologies, exclusions, estimates, and assumptions in calculating their own pay ratios.



During Fiscal 2018, the Company's Chief Executive Officer was Shmuel Jonas, whose compensation included \$850,000 in base salary and bonus and \$5,040 in dividends paid on unvested restricted shares of Class B Common Stock.



After identifying the median employee, we calculated annual total compensation for such employee using the same methodology we use for our Named Executive Officers as set forth in the Summary Compensation Table, above.





As illustrated in the table below, our Fiscal 2018 Chief Executive Officer to median employee pay ratio is 14.3:1.



CEO to Median  
Employee



Pay Ratio



|     |          |
|-----|----------|
| CEO | Median   |
|     | Employee |





|                               |            |           |
|-------------------------------|------------|-----------|
| Base Salary (including bonus) | \$ 850,000 | \$ 57,665 |
|-------------------------------|------------|-----------|



Stock Awards

— —



|                        |          |       |
|------------------------|----------|-------|
| All Other Compensation | \$ 5,040 | 2,000 |
|------------------------|----------|-------|



TOTAL

\$ 855,040 \$ 59,665





|                                      |      |   |
|--------------------------------------|------|---|
| CEO Pay to Median Employee Pay Ratio | 14.3 | 1 |
|--------------------------------------|------|---|







POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE-IN-CONTROL

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



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





Bill Pereira: Under the terms of the Second Pereira Agreement, in the event of Mr. Pereira's death or disability, the Company shall pay Mr. Pereira or his estate a death/disability benefit equal to \$800,000, one-half to be paid within ten (10) days of termination, and one-half to be paid monthly in equal installments over the six month period following the date of the initial payment. If Mr. Pereira is terminated without "cause," if he voluntarily terminates his employment with "good reason," each as defined in the Second Pereira Agreement, (i) he is entitled to a payment equal to the greater of \$800,000; one-half paid upon ten days after the effective date of a release agreement and one-half paid monthly over the following six month period and (ii) all awards granted under the Company's incentive plan shall vest (and the restrictions thereon lapse). A "change in control" is deemed to be "good reason" under the Second Pereira Agreement. Mr. Pereira has agreed not to compete with the Company for a period of one year following the termination of his agreement.



All Named Executive Officers: The Named Executive Officers have all been granted stock options and/or restricted stock pursuant to the Company's 2005 Plan and/or the 2015 Plan. Under the 2005 Plan and the 2015 Plan, in the event of "change in control" (other than a "change in control" which is also a "corporate transaction"), each as defined in the 2005 Plan and the 2015 Plan, (i) each option award which is outstanding at the time of the change in control automatically becomes fully vested and exercisable, and (ii) each share of restricted stock is released from any restrictions on transfer and repurchase or forfeiture rights. All severance payments are contingent on Named Executive Officers executing the Company's standard release agreement.



The Named Executive Officers are subject to the Company's Severance Pay and Plan Document (the "Severance Plan"), which was amended and restated on August 3, 2017. Under the Severance Plan, U.S. employees who are terminated without cause are entitled, in specific instances as set forth in the Severance Plan, to severance payments as follows: (i) employees who started on or before August 1, 2009 shall receive four weeks of base pay for each completed year of service and two weeks for each completed period of service that is less than one year of service but greater than six months of service or (ii) employees who started after August 1, 2009 shall receive two weeks of base pay for each completed year of service and one week for each completed period of service that is less than one year of service but greater than six months of service. Such severance payments are capped at 40 weeks of base pay. If a Named Executive Officer is entitled to a greater severance payment pursuant to an agreement, the greater severance payment shall control.



The following table sets forth quantitative information with respect to potential payments to be made to each of the Named Executive Officers upon termination in various circumstances and/or a change in control









of the Company (each an “Event”). The following table assumes the Event took place on July 31, 2018 for each of the Named Executive Officers. The following table uses the closing price of the Company’s Class B Common Stock on July 31, 2018, the last trading day in Fiscal 2018 (\$5.25). The potential payments are based on agreements entered into by Named Executive Officers with the Company, discussed above, the 2005 Plan and the 2015 Plan. The value of each restricted share is computed by multiplying the closing market price per share of the Company’s Class B Common Stock on July 31, 2018, the last trading day in Fiscal 2018 (\$5.25), by the number of unvested restricted shares of Class B Common Stock held by the Named Executive Officer on that date.



Edgar Filing: IDT CORP - Form DEF 14A

| Name | Event of<br>Death or<br>Disability<br>(\$) | Change In<br>Control<br>(\$) | Termination<br>For Cause<br>(\$) | Voluntary<br>Termination<br>for Good<br>Reason<br>(\$) | Termination<br>Without<br>Cause<br>(\$) |
|------|--------------------------------------------|------------------------------|----------------------------------|--------------------------------------------------------|-----------------------------------------|
|------|--------------------------------------------|------------------------------|----------------------------------|--------------------------------------------------------|-----------------------------------------|



Shmuel Jonas





Restricted Shares — — — — —



|           |   |   |   |   |                |
|-----------|---|---|---|---|----------------|
| Severance | — | — | — | — | \$ 380,769 (1) |
|-----------|---|---|---|---|----------------|



Marcelo Fischer



Restricted Shares — — — — —





|           |            |   |   |   |            |
|-----------|------------|---|---|---|------------|
| Severance | \$ 550,000 | — | — | — | \$ 550,000 |
|-----------|------------|---|---|---|------------|



Bill Pereira



Restricted Shares — — — —



|           |            |            |   |            |            |
|-----------|------------|------------|---|------------|------------|
| Severance | \$ 800,000 | \$ 800,000 | — | \$ 800,000 | \$ 800,000 |
|-----------|------------|------------|---|------------|------------|





Menachem Ash



Restricted Shares — — — — —



|           |   |   |   |   |                |
|-----------|---|---|---|---|----------------|
| Severance | — | — | — | — | \$ 370,000 (1) |
|-----------|---|---|---|---|----------------|



Howard S. Jonas





Restricted Shares \$ 121,842 (2) \$ 121,842 (2) \$ 71,075 (3) 121,842 (2) \$ 121,842 (2)



|           |            |            |     |   |            |     |            |
|-----------|------------|------------|-----|---|------------|-----|------------|
| Severance | \$ 250,000 | \$ 250,000 | (4) | — | \$ 250,000 | (4) | \$ 250,000 |
|-----------|------------|------------|-----|---|------------|-----|------------|



David Wartell



|                   |      |           |     |      |   |   |
|-------------------|------|-----------|-----|------|---|---|
| Restricted Shares | \$ — | \$ 52,500 | (5) | \$ — | — | — |
|-------------------|------|-----------|-----|------|---|---|





|           |      |      |   |   |        |     |
|-----------|------|------|---|---|--------|-----|
| Severance | \$ — | \$ — | — | — | 11,538 | (1) |
|-----------|------|------|---|---|--------|-----|



- (1) Payable pursuant to the Company's Severance Plan.



- (2) Represents the accelerated vesting of 23,208 restricted shares of Class B Common Stock.



- (3) Represents the accelerated vesting of 13,538 restricted shares of Class B Common Stock.





(4) Mr. Jonas may terminate the Fourth Revised Jonas Agreement for “Good Reason”, which includes a Change of Control, and receive one year’s base salary, which was \$250,000 as of July 31, 2018.



- (5) Represents the accelerated vesting of 10,000 restricted shares of Class B Common Stock.







PROPOSAL REQUIRING YOUR VOTE



PROPOSAL NO. 1

ELECTION OF DIRECTORS

Pursuant to the Company's Third Restated Certificate of Incorporation, the authorized number of members of the Board of Directors is between three and seventeen, with the actual number to be set, within that range, by the Board of Directors from time to time. The Board of Directors has set the number of directors on the Board of Directors at five. There are currently five directors on the Board of Directors. The current terms of all of the serving directors expire at the Annual Meeting. All five of the directors are standing for re-election at the Annual Meeting.



Edgar Filing: IDT CORP - Form DEF 14A

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



Each of these director nominees is standing for election for a term of one year until the 2019 Annual Meeting, or until his successor is duly elected and qualified or until his earlier resignation or removal. A majority of the votes cast for or against a director nominee at the Annual Meeting shall elect each director. Stockholders may not vote for more than five persons, which is the number of nominees identified herein. The following pages contain biographical information and other information about the nominees. Following each nominee's biographical information, we have provided information concerning particular experience, qualifications, attributes and/or skills that the Nominating Committee and the Board of Directors considered when determining that each nominee should serve as a director.





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



Key Attributes, Experience and Skills:

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



Eric F. Cosentino has been a director of the Company since February 2007. Rev. Cosentino was a director of Zedge, Inc., a former subsidiary of the Company that was spun off to stockholders in June 2016, from September 2008 until May 2016. Rev. Cosentino has been a member of the National Association of Corporate Directors (NACD) since March 2009. Rev. Cosentino has been an NACD Governance Fellow since 2014, when he completed NACD's comprehensive program study for corporate directors. He supplements his skill sets through ongoing engagement with the director community and access to leading practices. Rev. Cosentino served on the Board of Directors of a Company subsidiary, IDT Entertainment, until it was sold to Liberty Media in 2006. Rev. Cosentino was the Rector of the Episcopal Church of the Divine Love in Montrose, New York, from 1987 until his retirement in 2014. He began his ordained ministry in 1984 as curate (assistant) at St. Elizabeth's Episcopal Church in Ridgewood, Bergen County, New Jersey. He has also served on the Board of Directors of the Evangelical Fellowship Anglican Communion of New York. Rev. Cosentino has published articles and book reviews for The Episcopal New Yorker, Care & Community, and Evangelical Journal. Rev. Cosentino received a B.A. from Queens College and a M.Div. from General Theological Seminary, New York.









Key Attributes, Experience and Skills:

Rev. Cosentino has strong leadership skills, having served as the Rector of the Episcopal Church of the Divine Love in Montrose, New York, from 1987 until 2014. As Chairman of the Company's Corporate Governance Committee, Rev. Cosentino has become well-versed in corporate governance issues by attending seminars and joining the National Association of Corporate Directors in March 2009. Rev. Cosentino's long tenure as a director of the Company, as well as prior tenures with former Company subsidiaries Zedge and IDT Entertainment, brings extensive knowledge of our Company to the Board.



Howard S. Jonas founded IDT in August 1990, and has served as Chairman of the Board of Directors since its inception. Mr. Jonas served as Chief Executive Officer of the Company from October 2009 through December 2013 and from December 1991 until July 2001. Mr. Jonas is also the founder and has been President of Jonas Media Group (formerly Jonas Publishing) since its inception in 1979. From January 2014 until November 2017, Mr. Jonas served as the Chief Executive Officer of Genie Energy Ltd, a former subsidiary of IDT that was spun off to stockholders in October 2011, and has served as Chairman of the board of directors of Genie Energy since the spin-off. From June 2016 to November 2016, Mr. Jonas served as the Chairman of the Board of Zedge, Inc., a former subsidiary of the Company that was spun off to stockholders in June 2016. Mr. Jonas has served as the Vice Chairman of Zedge, Inc. since November 2016. Mr. Jonas has served as the Chief Executive Officer of Rafael Holdings, Inc., a former subsidiary of IDT since it was spun off to stockholders in March 2018, and has served as Chairman of the Board of Directors of since the spin-off. Mr. Jonas also serves as the Chairman of the Board of IDW Media Holdings, Inc., a former subsidiary of IDT that was spun off to stockholders in September 2009. Mr. Jonas has been a director of Rafael Pharmaceuticals, Inc. (f/k/a Cornerstone Pharmaceuticals) since April 2013 and was appointed Chairman of the Board in April 2016. Mr. Jonas received a B.A. in Economics from Harvard University.



Key Attributes, Experience and Skills:

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





Bill Pereira has served as a member of the Company's Board of Directors since October 31, 2011 and as President and Chief Operating Officer since January 1, 2018. Mr. Pereira served as the Chief Executive Officer and President of IDT Telecom from October 31, 2011 to December 31, 2017. Mr. Pereira served as Chief Financial Officer of the Company from January 2009 until October 2011, and served as the Treasurer from January 2009 to December 2010. Previously, he served as Executive Vice President of Finance for the Company from January 2008 to January 2009. Mr. Pereira initially joined the Company in December 2001 when the Company bought Horizon Global Trading, a financial software firm where he was a managing partner. In February 2002, Mr. Pereira joined Winstar Communications, a subsidiary of the Company, as a Senior Vice President of Finance. Mr. Pereira was promoted to CFO of Winstar Communications, a position he held until 2006 when he was named a Senior Vice President of the Company responsible for financial reporting, budgeting and planning. Prior to joining the Company, Mr. Pereira worked for a number of companies in the financial sector, including Prudential Financial, SBC Warburg and UBS. Mr. Pereira received a B.S. from Rutgers University and an M.B.A. from the New York University Stern School of Business.



Key Attributes, Experience and Skills:

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



Edgar Filing: IDT CORP - Form DEF 14A

Judah Schorr has been a director of the Company since December 2006. Dr. Schorr founded Judah Schorr MD PC in 1994, an anesthesia provider to hospitals, ambulatory surgery centers and medical offices, and









has served as its President and owner since its inception, as well as the President of its subsidiary, Tutto Anesthesia. Dr. Schorr is an attending physician at Anesthesia Services at Bergen Regional Medical Center, the largest hospital in the state of New Jersey, and the Managing Partner of Chavrusa Realty Corp., a commercial real-estate company in Long Island, New York. Dr. Schorr received his B.S. in Psychology from Brooklyn College and his M.D. from the University of Trieste Faculty of Medicine and Surgery in Italy.



Key Attributes, Experience and Skills:

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



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









THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR  
THE ELECTION OF THE NOMINEES NAMED ABOVE.

Directors, Director Nominees and Executive Officers

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



| Name | Age | Position |
|------|-----|----------|
|------|-----|----------|





Shmuel Jonas      37      Chief Executive Officer and Named Executive Officer



Howard S. Jonas 62 Chairman of the Board of Directors, Director and Director Nominee and Named Executive Officer



Marcelo Fischer 51 Senior Vice President – Finance and Named Executive Officer



Bill Pereira      53      Director, Director Nominee, President and Chief Operating Officer and Named Executive Officer





Joyce J. Mason     59     Executive Vice President, General Counsel and Corporate Secretary



Mitch Silberman 50 Chief Accounting Officer and Controller



Menachem Ash    46    Executive Vice President of Strategy and Legal Affairs and Named Executive Officer



David Wartell      39      Chief Technology Officer and Named Executive Officer





Michael Chenkin 67 Director and Director Nominee



Eric F. Cosentino 61 Director and Director Nominee



Judah Schorr      66      Director and Director Nominee



Edgar Filing: IDT CORP - Form DEF 14A

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





Shmuel Jonas has served as Chief Executive Officer of the Company since January 2014. Mr. Jonas served as Chief Operating Officer of the Company from June 2010 through December 2013. Mr. Jonas joined the Company in June 2008 and served as a Vice President until June 2009 when he was elected to serve as the Company's Vice President of Operations. Since 2004, Mr. Jonas has been the managing member of Arlington Suites, LLC, a thirty million dollar mixed-use ground up development project in Bronx, New York. In addition, Mr. Jonas was a director of Zedge, Inc., a former subsidiary of the Company that was spun off to stockholders in June 2016, from October 2010 until May 2016. From 2006 through 2008, Mr. Jonas was a partner in a 160-unit garden apartment complex in Memphis, Tennessee. Between 2004 and 2005, Mr. Jonas owned and operated various businesses in the food industry, including BID Distribution, a distributor and marketer of frozen desserts to grocery stores and food service operations.



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



Joyce J. Mason has served as an Executive Vice President of the Company since December 1998 and as General Counsel and Corporate Secretary of the Company from its inception. Ms. Mason also served as a director of the Company from its inception until December 2006. In addition, Ms. Mason was a director of Zedge, Inc., a former subsidiary of the Company that was spun off to stockholders in June 2016, from September 2008 until May 2016, and she also served as a director of IDT Telecom from December 1999 until May 2001 and as a director of Net2Phone from October 2001 until October 2004. Ms. Mason has









served as the Corporate Secretary of Rafael Holdings, Inc., a former subsidiary of the Company that was spun off to stockholders in March 2018, from its inception in July 2017. Prior to joining the Company, Ms. Mason had been in private legal practice. Ms. Mason received a B.A. from the City University of New York and a J.D. from New York Law School.



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



Menachem Ash has served as the Company's Executive Vice President of Strategy and Legal Affairs since October 2012. Mr. Ash served as the managing attorney of the Company's legal department from June 2011 to October 2012. Mr. Ash has served as senior counsel to several IDT divisions since he joined the Company in July 2004, including IDT Telecom and IDT Carmel. Mr. Ash has served as President of Rafael Holdings, Inc., a former subsidiary of the Company that was spun off to stockholders in March 2018, from its inception in July 2017. Prior to joining the Company, Mr. Ash served as General Counsel to Telstar International, Inc., a telecommunications services provider. Mr. Ash also worked at KPMG as a senior associate in its tax group focusing on financial services and technology companies. He is a graduate of Brooklyn College and the Benjamin N. Cardozo School of Law.



David Wartell has been the Chief Technology Officer of the Company since March 2018 and the Executive Vice President – Technology of IDT Telecom since June 2017. Mr. Wartell brings 20 years of operational experience in enterprise and cloud technology to the Company. Prior to joining the Company, he was Executive Vice President of Idera Inc., one of the largest private B2B software vendors in the world, with products evangelized by millions of community members, and more than 50,000 customers. Previously he was founder and CEO of R1soft.com, a leading provider of cloud backup and disaster recovery software. Earlier in his career, he ran operations for some of the largest cloud service providers in the world. Mr. Wartell received a B.S. in Computer Engineering from Michigan State University.





Relationships among Directors or Executive Officers

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







PROPOSAL NO. 2

APPROVAL OF AMENDMENT TO THE COMPANY'S  
2015 STOCK OPTION AND INCENTIVE PLAN



The Company's stockholders are being asked to approve an amendment to the Company's 2015 Stock Option and Incentive Plan (the "2015 Plan") that will increase the number of shares of the Company's Class B Common Stock available for the grant of awards thereunder by an additional 100,000 shares. The Board of Directors adopted the proposed amendment to the 2015 Plan on November 15, 2018, subject to stockholder approval at the Annual Meeting.



The Board of Directors believes that the proposed amendment to increase the number of shares of the Company's Class B Common Stock available for the grant of awards thereunder by an additional 100,000 shares is necessary in order to provide the Company with a sufficient reserve of shares of Class B Common Stock for future grants needed to attract and retain the services of key employees, directors and consultants of the Company essential to the Company's long-term success.



The proposed amendment is being submitted for a stockholder vote in order to enable the Company to grant, among other equity grants permitted pursuant to the 2015 Plan, options which are incentive stock options (“ISOs”) within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended (the “Code”); and because such approval may be required or advisable in connection with (i) the provisions set forth in Section 162(m) of the Code relating to the deductibility of certain compensation (ii) the provisions set forth in Rule 16b-3 promulgated under the Exchange Act and (iii) the rules and regulations applicable to New York Stock Exchange-listed companies.



The following description of the 2015 Plan, as proposed to be amended by this Proposal, is a summary, does not purport to be complete and is qualified in its entirety by the full text of the 2015 Plan, as proposed to be amended. A copy of the 2015 Plan, as proposed to be amended, is attached hereto as Exhibit A and has been filed with the SEC with this Proxy Statement.





DESCRIPTION OF THE 2015 PLAN

Pursuant to the 2015 Plan, officers, employees, directors and consultants of the Company and certain of its subsidiaries are eligible to receive awards of stock options, stock appreciation rights, limited stock appreciation rights, restricted stock and deferred stock units. There are approximately 1,078 employees and directors eligible for grants under the Plan. Options granted under the 2015 Plan may be ISOs or non-qualified stock options (“NQSOs”). Stock appreciation rights (“SARs”) and limited stock appreciation rights (“LSARs”) may be granted either alone or simultaneously with the grant of an option. Restricted stock and deferred stock units may be granted in addition to or in lieu of any other award made under the 2015 Plan.



The maximum number of shares reserved for the grant of awards under the 2015 Plan is 1,130,000 shares of Class B Common Stock (including the 100,000 shares of Class B Common Stock reserved subject to approval of the stockholders). Such share reserves are subject to further adjustment in the event of specified changes to the capital structure of the Company. The shares may be made available either from the Company's authorized but unissued capital stock or from capital stock reacquired by the Company.



The Compensation Committee of the Board of Directors administers the 2015 Plan. Subject to the provisions of the 2015 Plan, the Compensation Committee determines the type of awards, when and to whom awards will be granted, the number and class of shares covered by each award and the terms, provisions and kind of consideration payable (if any), with respect to awards. The Compensation Committee may interpret the 2015 Plan and may at any time adopt such rules and regulations for the 2015 Plan as it deems advisable, including the delegation of certain of its authority. In determining the persons to whom awards shall be granted and the number of shares covered by each award, the Compensation Committee takes into account the duties of the respective persons, their present and potential contributions to the success of the Company and such other factors as the Compensation Committee deems relevant.



An option may be granted on such terms and conditions as the Compensation Committee may approve, and generally may be exercised for a period of up to ten years from the date of grant. Generally, ISOs will









be granted with an exercise price equal to the “Fair Market Value” (as defined in the 2015 Plan) on the date of grant. In the case of ISOs, certain limitations will apply with respect to the aggregate value of option shares which can become exercisable for the first time during any one calendar year, and certain additional limitations will apply to ISOs granted to “Ten Percent Stockholders” of the Company (as defined in the 2015 Plan). The Compensation Committee may provide for the payment of the option price in cash, by delivery of Class B Common Stock having a Fair Market Value equal to such option price, by a combination thereof or by any other method. Options granted under the 2015 Plan will become exercisable at such times and under such conditions as the Compensation Committee shall determine, subject to acceleration of the exercisability of options in the event of, among other things, a “Change in Control,” a “Corporate Transaction” or a “Related Entity Disposition” (in each case, as defined in the 2015 Plan).



Each non-employee director will receive 4,000 shares of Class B Common Stock annually. New non-employee directors will receive a pro-rata amount (based on projected quarters of service for such calendar year following the grant date) of such annual grant on their date of initial election and qualification as a non-employee director. The grant date for incumbent annual non-employee director grants will be each January 5th (or the next business day).



The 2015 Plan also provides for the granting of restricted stock awards, which are awards of Class B Common Stock that may not be disposed of, except by will or the laws of descent and distribution, for such period as the Compensation Committee determines (the “restricted period”). The Compensation Committee may also impose such other conditions and restrictions, if any, on the shares as it deems appropriate, including the satisfaction of performance criteria. All restrictions affecting the awarded shares lapse in the event of a Change in Control, a Corporate Transaction or a Related Entity Disposition.





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



The 2015 Plan also permits the Compensation Committee to grant SARs and/or LSARS. Generally, SARs may be exercised at such time or times and only to the extent determined by the Compensation Committee and LSARS may be exercised only (i) during the 90 days immediately following a Change in Control or (ii) immediately prior to the effective date of a Corporate Transaction (as defined in the 2015 Plan). LSARS will be exercisable at such time or times and only to the extent determined by the Compensation Committee. An LSAR granted in connection with an ISO is exercisable only if the Fair Market Value per share of Class B Common Stock on the date of grant exceeds the purchase price specified in the related ISO.



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



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









relates. In no event, however, may the holder of an LSAR granted in connection with an ISO receive an amount in excess of the maximum amount which will enable the option to continue to qualify as an ISO.



When an SAR or LSAR is exercised, the option to which it relates, if any, will cease to be exercisable to the extent of the number of shares with respect to which the SAR or LSAR is exercised, but will be deemed to have been exercised for purposes of determining the number of shares available for the future grant of awards under the 2015 Plan.



The 2015 Plan further provides for the granting of deferred stock units, which are awards providing a right to receive shares of Class B Common Stock on a deferred basis, subject to such restrictions and a restricted period as the Compensation Committee determines. The Compensation Committee may also impose such other conditions and restrictions, if any, on the payment of shares as it deems appropriate, including the satisfaction of performance criteria. All deferred stock awards become fully vested in the event of a Change in Control, a Corporate Transaction or a Related Entity Disposition.





The grantee of a deferred stock unit will not be entitled to receive dividends or vote the underlying shares until the underlying shares are delivered to the grantee. The Compensation Committee has the authority to cancel any or all outstanding restrictions prior to the end of the restricted period, including cancellation of restrictions in connection with certain types of termination of service.



The Board of Directors may at any time and from time to time suspend, amend, modify or terminate the 2015 Plan; provided, however, that, to the extent required by any other law, regulation or stock exchange rule, no such change shall be effective without the requisite approval of the Company's stockholders. In addition, no such change may adversely affect an award previously granted, except with the written consent of the grantee.



No awards may be granted under the 2015 Plan after September 16, 2024, ten years from the Board's approval of the 2015 Plan.



ISOs (and any related SARs) are not assignable or transferable except by the laws of descent and distribution. Non-qualified stock options (and any SARs or LSARs related thereto) may be transferred to the extent permitted by the Compensation Committee. Holders of NQSOs (and any SARs or LSARs related thereto) are permitted to transfer such NQSOs for no consideration to such holder's "family members" (as defined in Form S-8) with the prior approval of the Compensation Committee.





Except as set forth in the table below, the Company cannot now determine the number of options or other awards to be granted in the future under the 2015 Plan to officers, directors, employees and consultants. Actual awards under the 2015 Plan to Named Executive Officers for Fiscal 2018 are reported under the heading "Grant of Plan-Based Awards."



New Plan Benefits

| Name and Principal Position | Number of<br>Shares of<br>Class B<br>Common<br>Stock |
|-----------------------------|------------------------------------------------------|
|-----------------------------|------------------------------------------------------|



Non-Employee Director Group 12,000 (1)





(1) Each of the three non-employee directors of the Company will receive an annual grant of 4,000 restricted shares of Class B Common Stock for being a director. In 2018, this automatic grant was made on January 5, 2018. Calculation is based upon the number of non-employee directors nominated for election at the Annual Meeting.



Federal Income Tax Consequences of Awards Granted under the 2015 Plan

The Company believes that, under present law, the following are the U.S. federal income tax consequences generally arising with respect to awards under the 2015 Plan:



Incentive Stock Options. ISOs granted under the 2015 Plan are intended to meet the definitional requirements of Section 422(b) of the Code for “incentive stock options.” A participant who receives an ISO does not recognize any taxable income upon the grant of such ISO. Similarly, the exercise of an ISO generally does not give rise to federal taxable income to the participant, provided that (i) the federal “alternative minimum tax,” which depends on the participant’s particular tax situation, does not apply and (ii) the









participant is employed by the Company from the date of grant of the option until three months prior to the exercise thereof, except where such employment or service terminates by reason of disability or death (where the three month period is extended to one year).



Further, if after exercising an ISO, a participant disposes of the Class B Common Stock so acquired more than two years from the date of grant and more than one year from the date of transfer of the Class B Common Stock pursuant to the exercise of such ISO (the “applicable holding period”), the participant will normally recognize a long-term capital gain or loss equal to the difference, if any, between the amount received for the shares and the exercise price. If, however, the participant does not hold the shares so acquired for the applicable holding period — thereby making a “disqualifying disposition” — the participant would realize ordinary income on the excess of the fair market value of the shares at the time the ISO was exercised over the exercise price, and the balance of income, if any, would be long-term capital gain (provided the holding period for the shares exceeded one year and the participant held such shares as a capital asset at such time).



A participant who exercises an ISO by delivering Class B Common Stock previously acquired pursuant to the exercise of another ISO is treated as making a “disqualifying disposition” of such Class B Common Stock if such shares are delivered before the expiration of their applicable holding period. Upon the exercise of an ISO with previously acquired shares as to which no disqualifying disposition occurs, the participant would not recognize gain or loss with respect to such previously acquired shares. The Company will not be allowed a federal income tax deduction upon the grant or exercise of an ISO or the disposition, after the applicable holding period, of the Class B Common Stock acquired upon exercise of an ISO. In the event of a disqualifying disposition, the Company generally will be entitled to a deduction in an amount equal to the ordinary income recognized by the participant, provided that such amount constitutes an ordinary and necessary business expense to the Company and is reasonable and the limitations of Sections 280G and 162(m) of the Code (discussed below) do not apply.



Non-Qualified Stock Options and Stock Appreciation Rights. Non-qualified stock options granted under the 2015 Plan are options that do not qualify as ISOs. A participant who receives an NQSO or an SAR (including an LSAR) will not recognize any taxable income upon the grant of such NQSO or SAR. However, the participant generally will recognize ordinary income upon exercise of an NQSO in an amount equal to the excess of (i) the fair market value of the shares of Class B Common Stock at the time of exercise over (ii) the exercise price. Similarly, upon the receipt of cash or shares pursuant to the exercise of an SAR, the individual generally will recognize ordinary income in an amount equal to the sum of the cash and the fair market value of the shares received.





The ordinary income recognized with respect to the receipt of shares or cash upon exercise of a NQSO or an SAR will be subject to both wage withholding and other employment taxes. In addition to the customary methods of satisfying the withholding tax liabilities that arise upon the exercise of an SAR for shares or upon the exercise of a NQSO, the Company may satisfy the liability in whole or in part by withholding shares of Class B Common Stock from those that otherwise would be issuable to the participant or by the participant tendering other shares owned by him or her, valued at their fair market value as of the date that the tax withholding obligation arises.



A federal income tax deduction generally will be allowed to the Company in an amount equal to the ordinary income recognized by the individual with respect to his or her NQSO or SAR, provided that such amount constitutes an ordinary and necessary business expense to the Company and is reasonable and the limitations of Sections 280G and 162(m) of the Code do not apply.



If a participant exercises an NQSO by delivering shares of Class B Common Stock to the Company, other than shares previously acquired pursuant to the exercise of an ISO which is treated as a “disqualifying disposition” as described above, the participant will not recognize gain or loss with respect to the exchange of such shares, even if their then fair market value is different from the participant’s tax basis. The participant, however, will be taxed as described above with respect to the exercise of the NQSO as if he or she had paid the exercise price in cash, and the Company likewise generally will be entitled to an equivalent tax deduction.









Other Awards. With respect to other awards under the 2015 Plan that are settled either in cash or in shares of Class B Common Stock that are either transferable or not subject to a substantial risk of forfeiture (as defined in the Code and the regulations thereunder), participants generally will recognize ordinary income equal to the amount of cash or the fair market value of the Class B Common Stock received. Participants also will not recognize income upon the grant of a deferred stock unit, and will instead recognize ordinary income when shares of Class B Common Stock are delivered in satisfaction of such award.



With respect to restricted stock awards under the 2015 Plan that are restricted to transferability and subject to a substantial risk of forfeiture — absent a written election pursuant to Section 83(b) of the Code filed with the Internal Revenue Service within 30 days after the date of transfer of such shares pursuant to the award (a “Section 83(b) election”) — a participant will recognize ordinary income at the earlier of the time at which (i) the shares become transferable or (ii) the restrictions that impose a substantial risk of forfeiture of such shares (the “Restrictions”) lapse, in an amount equal to the excess of the fair market value (on such date) of such shares over the price paid for the award, if any. If a Section 83(b) election is made, the participant will recognize ordinary income, as of the transfer date, in an amount equal to the excess of the fair market value of the Class B Common Stock as of that date over the price paid for such award, if any.



The ordinary income recognized with respect to the receipt of cash, shares of Class B Common Stock or other property under the 2015 Plan will be subject to both wage withholding and other employment taxes. In addition to the customary methods of satisfying withholding tax liabilities that arise with respect to the delivery of cash or property (or vesting thereof), the Company may satisfy the liability in whole or in part by withholding shares of Class B Common Stock from those that would otherwise be issuable to the participant or by the participant tendering other shares owned by him or her, valued at their fair market value as of the date that the tax withholding obligation arises.



The Company generally will be allowed a deduction for federal income tax purposes in an amount equal to the ordinary income recognized by the participant, provided that such amount constitutes an ordinary and necessary business expense and is reasonable and the limitations of Sections 280G and 162(m) of the Code do not apply.





**Change in Control.** In general, if the total amount of payments to a participant that are contingent upon a “change in control” of the Company (as defined in Section 280G of the Code), including awards under the 2015 Plan that vest upon a “change in control,” equals or exceeds three times the individual’s “base amount” (generally, such participant’s average annual compensation for the five calendar years preceding the change in control), then, subject to certain exceptions, the payments may be treated as “parachute payments” under the Code, in which case a portion of such payments would be non-deductible to the Company and the participant would be subject to a 20% excise tax on such portion of the payments.



Certain Limitations on Deductibility of Executive Compensation. With certain exceptions, Section 162(m) of the Code denies a deduction to publicly held corporations for compensation paid to certain executive officers in excess of \$1 million per executive per taxable year (including any deduction with respect to the exercise of an NQSO or SAR or the disqualifying disposition of stock purchased pursuant to an ISO). One such exception applies to certain performance-based compensation provided that such compensation has been approved by stockholders in a separate vote and certain other requirements are met. The Company believes that Stock Options, SARs and LSARs granted under the 2015 Plan should qualify for the performance-based compensation exception to Section 162(m).



On November 15, 2018, the last reported sale price of the Company's Class B Common Stock on the New York Stock Exchange was \$8.17 per share.









EQUITY COMPENSATION PLAN INFORMATION

Employee Stock Incentive Program

The Company adopted the 2015 Plan, pursuant to which options to purchase Class B Common Stock, restricted shares of Class B Common Stock and Deferred Stock Units may be awarded. As fully described in Proposal No. 2, the Company is asking the Stockholders to vote on an amendment to the 2015 Plan that will increase the number of shares of the Company's Class B Common Stock available for grant of awards thereunder by an additional 100,000 shares. The Company anticipates awarding options to purchase shares of Class B Common Stock, restricted shares of Class B Common Stock and Deferred Stock Units to employees, officers, directors and consultants under the 2015 Plan.



Equity Compensation Plans and Individual Compensation Arrangements

The following chart provides aggregate information regarding grants under all equity compensation plans of the Company as of July 31, 2018.





Edgar Filing: IDT CORP - Form DEF 14A

Plan Category

| Number of Securities to be Issued upon Exercise of Outstanding Options(1) | Weighted-Average Exercise Price of Outstanding Options | Number of Securities Remaining Available for Future Issuance under Equity Compensation Plans |
|---------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------|
|---------------------------------------------------------------------------|--------------------------------------------------------|----------------------------------------------------------------------------------------------|



|                                                           |         |          |         |
|-----------------------------------------------------------|---------|----------|---------|
| Equity compensation plans<br>approved by security holders | 242,632 | \$ 10.33 | 399,725 |
|-----------------------------------------------------------|---------|----------|---------|



|                                                            |           |     |    |       |   |
|------------------------------------------------------------|-----------|-----|----|-------|---|
| Equity compensation plans not approved by security holders | 1,000,000 | (2) | \$ | 14.93 | — |
|------------------------------------------------------------|-----------|-----|----|-------|---|



Edgar Filing: IDT CORP - Form DEF 14A

|       |           |          |         |
|-------|-----------|----------|---------|
| Total | 1,242,632 | \$ 14.03 | 399,725 |
|-------|-----------|----------|---------|





- (1) Reflects all outstanding options exercisable for shares of Class B Common Stock as of July 31, 2018.



(2) Consists of a grant to Howard S. Jonas of an option to purchase up to 1,000,000 shares of Class B Common Stock granted on May 2, 2017 with an exercise price of \$14.93 per share and with certain repurchase rights held by the Company that vested in full immediately upon grant.



THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR  
APPROVAL OF THE AMENDMENT TO THE 2015 PLAN AS DESCRIBED ABOVE.





PROPOSAL NO. 3



RATIFICATION OF THE SALE BY THE COMPANY TO HOWARD S. JONAS OF  
2,546,689 SHARES OF THE COMPANY'S CLASS B COMMON STOCK FROM  
THE COMPANY'S TREASURY ACCOUNT FOR A PURCHASE PRICE OF \$15,000,000

The Company's stockholders are being asked to approve the actions of the Board of Directors and the Corporate Governance Committee of the Board of Directors (the "Governance Committee") that authorized the Company to sell to Howard S. Jonas, the Company's Chairman of the Board and controlling stockholder, 2,546,689 shares of the Company's Class B Common Stock from the Company's treasury account for a purchase price of \$15,000,000 (the "Howard Jonas Stock Sale"). The rules of the New York Stock Exchange require stockholder approval of the Howard Jonas Stock Sale.



On April 16, 2018, the Board of Directors of IDT Corporation (the “Company”) and its Corporate Governance Committee approved an arrangement with Howard S. Jonas, the Chairman of the Board and controlling stockholder of the Company, related to the purchase of shares of Class B Common Stock of the Company by Mr. Jonas. Under the arrangement, subject to approval of the stockholders of the Company, Mr. Jonas has agreed to purchase 2,546,689 shares of Class B Common Stock at a price per share of \$5.89, which was the closing price for the Class B Common Stock on the New York Stock Exchange on April 16, 2018 (the last closing price before approval of the arrangement) for an aggregate purchase price of \$15 million.



The arrangement is subject to approval of the stockholders of the Company, and no shares will be issued unless such approval is obtained. Mr. Jonas has agreed to vote in favor of the arrangement when it is submitted to the stockholders.



Mr. Jonas paid \$1.5 million of the purchase price within ten days of the execution of the definitive agreement concerning this transaction. The remainder of the purchase price will be payable within ten (10) days following the approval of the stockholders of the Company, and the shares will be issued upon payment in full. The purchase price per share will be reduced by \$229, 202, which is the amount of dividends paid on the 2,546,689 shares of Class B Common Stock whose record date was between April 16, 2018 and the issuance of the shares. Accordingly, the balance of the \$15 million purchase price for the Howard Jonas Stock Sale, after deduction of Mr. Jonas' \$1.5 million payment and the \$229,202 of dividends, is \$13,270,798.





Howard S. Jonas is the Company's Chairman of the Board and its controlling stockholder. See SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT, above, for details regarding Mr. Jonas' holdings of securities of the Company.



Section 312.03 of the NYSE Listed Company Manual requires the Company's stockholders to approve the Howard Jonas Stock Sales.



The closing price of the Company's Class B Common Stock on the New York Stock Exchange on November 15 was \$8.17.



THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR APPROVAL  
OF THE HOWARD JONAS STOCK SALE, AS DESCRIBED ABOVE.









PROPOSAL NO. 4

ADVISORY VOTE ON EXECUTIVE COMPENSATION

As required by Section 14A of the Securities Exchange Act of 1934, the Company asking its stockholders to cast an advisory vote on the compensation of the “Named Executive Officers” identified in the Fiscal 2018 Summary Compensation Table in the “Executive Compensation” section of this Proxy Statement. This vote is advisory and not binding on the Company; however, it will provide feedback concerning its executive compensation program.



As noted in the Compensation Discussion and Analysis included in the “Executive Compensation” section of this Proxy Statement, the Compensation Committee believes that the Company’s executive compensation program implements and achieves the goals of its executive compensation philosophy. That philosophy, which is set by the Compensation Committee, is designed to attract and retain qualified and motivated personnel and align their interests with the short-term and long-term goals of the Company and with the best interests of its stockholders. The Company’s compensation philosophy is to provide compensation to attract the individuals necessary for its current needs and growth initiatives and provide them with the proper incentives to motivate those individuals to achieve its long-term plans.





The three broad components of the Company's executive officer compensation are base salary, annual cash incentive bonuses awards, and long term equity-based incentive awards. The Compensation Committee periodically reviews total compensation levels and the allocation of compensation among these three components for each of the executive officers in the context of the Company's overall compensation policy. Additionally, the Compensation Committee, in conjunction with our Board of Directors, reviews the relationship of executive compensation to corporate performance generally and with respect to specific enumerated goals that are established by the Compensation Committee early in each fiscal year. The Compensation Committee believes that the Company's current compensation plans are competitive and reasonable.



Further details concerning how we implement the Company's philosophy and goals, and how it applies the above principles to its compensation program, are provided in the Compensation, Discussion and Analysis above. In particular, it is discussed how the Company's set compensations targets and other objectives and evaluate performance against those targets and objectives to assure that performance is appropriately rewarded.



The compensation of the Named Executive Officers was set by the Company's Compensation Committee of the Board of Directors of the Company after discussions with management about the recommended levels and components of compensation for each of the individuals.



Stockholders are urged to read the Compensation, Discussion and Analysis and other information in the “Executive Compensation” section of this Proxy Statement. The Compensation Committee and the Board of Directors believe that the information provided in that section demonstrates that the Company’s executive compensation program aligns our executives’ compensation with the Company’s short-term and long-term performance and provides the compensation and incentives needed to attract, motivate and retain key executives who are crucial to the Company’s long-term success. Accordingly, the following resolution will be submitted for a stockholder vote at the Annual Meeting:





“RESOLVED, that the stockholders of IDT Corporation (the “Company”) approve, on an advisory basis, the compensation of the Company’s Named Executive Officers, as disclosed pursuant to Item 402 of Securities and Exchange Commission Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables and narrative disclosures.”



Although the advisory vote is non-binding, the Compensation Committee and the Board of Directors will review the results of the vote. The Compensation Committee will consider stockholders' concerns and take them into account in future determinations concerning the Company's executive compensation program.



THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE APPROVAL,  
ON AN ADVISORY BASIS, OF THE COMPENSATION OF THE COMPANY'S  
NAMED EXECUTIVE OFFICERS, AS STATED IN THE ABOVE RESOLUTION.









PROPOSAL NO. 5

ADVISORY VOTE ON FREQUENCY OF FUTURE ADVISORY VOTES  
ON EXECUTIVE COMPENSATION

In addition to seeking a stockholders' advisory vote on the compensation of the Named Executive Officers, the Company is asking its stockholders to express a preference as to how frequently future advisory votes on executive compensation should take place. As required by Section 14A of the Securities Exchange Act of 1934, the Company is giving stockholders the opportunity to express a preference to cast such advisory votes annually, every two years or every three years; stockholders also have the option to abstain from voting on this matter. For the reasons discussed below, the Board of Directors recommends that advisory votes on executive compensation take place every three years.



The Board believes that a vote every three years provides adequate assurance that the Board of Directors and the Compensation Committee remain accountable for executive compensation decisions on a frequent basis.



Accordingly, the Company's Board believes that an advisory vote every three years is preferable, as it would foster a long-term approach to evaluating the Company's executive compensation program while maintaining accountability for executive compensation decisions. If a plurality of the votes cast on this matter at the Annual Meeting is cast in favor of advisory votes on executive compensation every three years, the Company would adopt this approach. On this basis, the next advisory vote on executive compensation, would take place at the Company's 2021 Annual Meeting.





Although the frequency vote is non-binding, the Compensation Committee and the Board will review the results of the vote. The Board and the Compensation Committee will consider stockholders' views and take them into account in determining the frequency of future advisory votes on executive compensation.



THE BOARD OF DIRECTORS RECOMMENDS THAT STOCKHOLDERS SELECT  
“THREE YEARS” ON THE PROPOSAL CONCERNING THE FREQUENCY OF  
FUTURE ADVISORY VOTES ON EXECUTIVE COMPENSATION.







THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR FISCAL 2019



BDO USA, LLP is the Company's independent registered public accounting firm and has served the Company as its independent registered public accounting firm since February 1, 2017. BDO USA, LLP was the Company's independent registered public accounting firm for Fiscal 2018. Prior to February 1, 2017, Grant Thornton LLP served the Company as its independent registered public accounting firm since 2008.



The Company is not asking stockholders to ratify at the Annual Meeting the appointment of BDO USA, LLP or any other firm as the Company's independent registered public accounting firm for the Fiscal Year ending July 31, 2019.



We expect that representatives for BDO USA, LLP will be present at the Annual Meeting, will be available to respond to appropriate questions and will have the opportunity to make such statements as they may desire.



Edgar Filing: IDT CORP - Form DEF 14A

The following table presents fees billed for professional services rendered by BDO USA, LLP for the period from February 1, 2017 to July 31, 2018.





Fiscal Years Ended July 31    2018                    2017



|               |              |            |
|---------------|--------------|------------|
| Audit Fees(1) | \$ 1,002,335 | \$ 874,847 |
|---------------|--------------|------------|



Audit Related Fees(2) — —



Tax Fees(3)

15,544

17,488





|                   |        |        |
|-------------------|--------|--------|
| All Other Fees(4) | 17,000 | 18,540 |
|-------------------|--------|--------|



Total \$ 1,034,879 \$ 910,875



(1) Audit Fees consist of fees for the audit of the Company's financial statements included in the Company's Form 10-K and reviews of financial statements included in the Company's Form 10-Qs, for the audits of the effectiveness of the Company's internal controls over financial reporting and for services that are normally provided by the independent accountant in connection with statutory and regulatory filings or engagements.



- (2) There were no Audit Related Fees for Fiscal 2017 or 2018.





(3) Tax Fees consist of fees for tax compliance and tax preparation related to one of the Company's subsidiaries in Fiscal 2018 and for two of the Company's subsidiaries in Fiscal 2017.



(4) All Other Fees for Fiscal 2017 consist of fees incurred in connection with advisory services performed at two of the Company's subsidiaries. All Other Fees for Fiscal 2018 consist of fees incurred in connection with compliance services performed at one of the Company's subsidiaries.



The Audit Committee concluded that the provision of the non-audit services listed above is compatible with maintaining the independence of BDO USA, LLP.



Policy on Audit Committee Pre-Approval of Audit and Permissible Non-Audit Services of the Independent Registered Public Accounting Firm

The Audit Committee is responsible for appointing, setting compensation for, and overseeing the work of the Company's independent registered public accounting firm. The Audit Committee has established a policy regarding pre-approval of all audit and permissible non-audit services provided by the independent registered public accounting firm, and all such services were approved by the Audit Committee in Fiscal 2018 and Fiscal 2017.





The Audit Committee assesses requests for services by the independent registered public accounting firm using several factors. The Audit Committee will consider whether such services are consistent with the Public Company Accounting Oversight Board's ("PCAOB") and SEC's rules on auditor independence. In addition, the Audit Committee will determine whether the independent registered public accounting firm is best positioned to provide the most effective and efficient service based upon the members' familiarity with the Company's business, people, culture, accounting systems, risk profile and whether the service might enhance the Company's ability to manage or control risk or improve audit quality.



Report of the Audit Committee

The purpose of the Audit Committee is to assist the Board of Directors in its general oversight of the Company's financial reporting process, internal controls, and audit functions. The Audit Committee's purpose is more fully described in its charter, which can be found on the Company's website at <http://ir.idt.net/Committees>. The Audit Committee reviews its charter on an annual basis. The Board of Directors reviews annually the NYSE listing standards' definition of independence for Audit Committee









members and has determined that each member of the Audit Committee meets that standard. The Board of Directors has also determined that Michael Chenkin qualifies as an “audit committee financial expert” within the meaning of Item 407(d)(5) of Regulation S-K.



The Company's management is responsible for the preparation, presentation, and integrity of the Company's financial statements, accounting and financial reporting principles, internal controls, and procedures designed to reasonably assure compliance with accounting standards, applicable laws, and regulations. The Company has a full-time Internal Audit department that reports to the Audit Committee and to the Company's management. This department is responsible for objectively reviewing and evaluating the adequacy, effectiveness, and quality of the Company's system of internal controls related to, for example, the reliability and integrity of the Company's financial information and the safeguarding of the Company's assets.



The Company's independent registered public accounting firm for Fiscal 2018, BDO USA, LLP, is responsible for performing an independent audit of the consolidated financial statements in accordance with generally accepted auditing standards and expressing an opinion on the conformity of those financial statements with U.S. generally accepted accounting principles. In accordance with law, the Audit Committee has ultimate authority and responsibility for selecting, compensating, evaluating, and, when appropriate, replacing the Company's independent audit firm, and evaluates its independence. The Audit Committee has the authority to engage its own outside advisors, including experts in particular areas of accounting, as it determines appropriate, apart from counsel or advisors hired by the Company's management.



Audit Committee members are not professional accountants or auditors, and their functions are not intended to duplicate or to certify the activities of the Company's management and the independent audit firm; nor can the Audit Committee certify that the independent audit firm is "independent" under applicable rules. The Audit Committee serves a Board-level oversight role in which it provides advice, counsel, and direction to the Company's management and to the auditors on the basis of the information it receives, discussions with the Company's management and the auditors, and the experience of the Audit Committee's members in business, financial, and accounting matters.





The Audit Committee's agenda for the year includes reviewing the Company's financial statements, internal control over financial reporting, and audit and other matters. The Audit Committee meets each quarter with BDO USA, LLP and the Company's management to review the Company's interim financial results before the publication of the Company's quarterly earnings releases. The Company's management's and the independent audit firm's presentations to, and discussions with, the Audit Committee cover various topics and events that may have significant financial impact or are the subject of discussions between the Company's management and the independent audit firm. The Audit Committee reviews and discusses with the Company's management the Company's major financial risk exposures and the steps that the Company's management has taken to monitor and control such exposures. In accordance with law, the Audit Committee is responsible for establishing procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, including confidential, anonymous submission by the Company's employees, received through established procedures, of any concerns regarding questionable accounting or auditing matters.



Among other matters, the Audit Committee monitors the activities and performance of the Company's internal auditors and independent registered public accounting firm, including the audit scope, external audit fees, auditor independence matters, and the extent to which the independent audit firm can be retained to perform non-audit services. The Company's independent audit firm has provided the Audit Committee with the written disclosures and the letter required by the PCAOB regarding the independent accountant's communications with the Audit Committee concerning independence, and the Audit Committee has discussed with the independent audit firm and the Company's management that firm's independence. In accordance with Audit Committee policy and the requirements of law, the Audit Committee pre-approves all services to be provided by BDO USA, LLP. Pre-approval includes audit services, audit-related services, tax services, and other services.



The Committee has reviewed and discussed with the Company's management the audited financial statements of the Company for the Fiscal Year ended July 31, 2018, as well as the effectiveness of the Company's internal controls over financial reporting as of July 31, 2018. The Committee has also reviewed









and discussed with BDO USA, LLP the matters required to be discussed with the independent registered public accounting firm by applicable PCAOB rules regarding “Communication with Audit Committees.”



In reliance on these reviews and discussions, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the audited financial statements be included in the Company's Annual Report on Form 10-K for the fiscal year ended July 31, 2018, for filing with the Securities and Exchange Commission.



THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS



Michael Chenkin, Chairman





Eric Cosentino



Judah Schorr



Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Act, as amended, or the Exchange Act, as amended, that might incorporate future filings, including this Proxy Statement, in whole or in part, the foregoing report, as well as any charters or policies referenced within this Proxy Statement, shall not be incorporated by reference into any such filings, nor shall they be deemed to be soliciting material or deemed filed with the SEC under the Act or under the Exchange Act.









OTHER INFORMATION

Submission of Proposals for the 2019 Meeting of Stockholders

Stockholders who wish to present proposals for inclusion in the Company's proxy materials in connection with the 2019 annual meeting of stockholders must submit such proposals in writing to the Corporate Secretary of the Company at 520 Broad Street, Newark, New Jersey 07102, which proposals must be received at such address no later than July 5, 2019. In addition, any stockholder proposal submitted with respect to the Company's 2019 annual meeting of stockholders, which proposal is submitted outside the requirements of Rule 14a-8 under the Exchange Act and relevant interpretations thereof and other guidance related thereto will not be included in the relevant proxy materials and will be considered untimely for purposes of Rule 14a-4 and 14a-5 if written notice thereof is received by the Company's General Counsel and Corporate Secretary after September 22, 2019.



Availability of Annual Report on Form 10-K

Edgar Filing: IDT CORP - Form DEF 14A

Additional copies of the Company's Annual Report on Form 10-K may be obtained by contacting Bill Ulrey, Vice President–Investor Relations and External Affairs, by phone at (973) 438-3838, by mail addressed to Bill Ulrey, Vice President–Investor Relations and External Affairs, at 520 Broad Street, Newark, NJ 07102, or may be requested through the Request Info section of our website: [http://ir.idt.net/Request\\_Info](http://ir.idt.net/Request_Info).



Other Matters



The Board of Directors knows of no other business that will be presented at the Annual Meeting. If any other business is properly brought before the Annual Meeting, it is intended that proxies granted will be voted in respect thereof in accordance with the judgments of the persons voting the proxies.



Edgar Filing: IDT CORP - Form DEF 14A

It is important that the proxies be returned promptly and that your shares be represented. Stockholders are urged to fill in, sign and promptly return the accompanying form in the enclosed envelope.



BY ORDER OF THE BOARD OF DIRECTORS



November 16, 2018









Joyce Mason  
Executive Vice President, General Counsel  
and Corporate Secretary







Exhibit A





IDT CORPORATION  
2015 STOCK OPTION AND INCENTIVE PLAN  
Effective January 1, 2015 to September 16, 2024  
(Amended and Restated on November 15, 2018)

1. Purpose; Types of Awards; Construction.



The purpose of the IDT Corporation 2015 Stock Option and Incentive Plan (the “Plan”) is to provide incentives to officers, employees, directors and consultants of IDT Corporation (the “Company”), or any subsidiary of the Company which now exists or hereafter is organized or acquired by the Company, to acquire a proprietary interest in the Company, to continue as officers, employees, directors or consultants, to increase their efforts on behalf of the Company and to promote the success of the Company’s business. The provisions of the Plan are intended to satisfy the requirements of Section 16(b) of the Securities Exchange Act of 1934, as amended, and of Section 162(m) of the Internal Revenue Code of 1986, as amended, and shall be interpreted in a manner consistent with the requirements thereof.



2. Definitions.



As used in this Plan, the following words and phrases shall have the meanings indicated:





(a) "Agreement" shall mean a written agreement entered into between the Company and a Grantee in connection with an award under the Plan.



(b) “Board” shall mean the Board of Directors of the Company.



(c) "Change in Control" means a change in ownership or control of the Company effected through



(i) any “person,” as such term is used in Sections 13(d) and 14(d) of the Exchange Act (other than (A) the Company, (B) any trustee or other fiduciary holding securities under an employee benefit plan of the Company, (C) any corporation or other entity owned, directly or indirectly, by the stockholders of the Company in substantially the same proportions as their ownership of common stock, or (D) any person who, immediately prior to the Initial Public Offering, owned more than 25% of the combined voting power of the Company’s then outstanding voting securities), is or becomes the “beneficial owner” (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such person any securities issued or sold directly by the Company or any of its affiliates other than in connection with the acquisition by the Company or its affiliates of a business) representing 25% or more of the combined voting power of the Company’s then outstanding voting securities.





- (d) "Class B Common Stock" shall mean shares of Class B Common Stock, par value \$.01 per share, of the Company.



- (e) “Code” shall mean the Internal Revenue Code of 1986, as amended from time to time.



(f) “Committee” shall mean the Compensation Committee of the Board or such other committee as the Board may designate from time to time to administer the Plan.



(g) “Company” shall mean IDT Corporation, a corporation incorporated under the laws of the State of Delaware, or any successor corporation.





(h) “Continuous Service” means that the provision of services to the Company or a Related Entity in any capacity of officer, employee, director or consultant is not interrupted or terminated. Continuous Service shall not be considered interrupted in the case of (i) any approved leave of absence, (ii) transfers between locations of the Company or among the Company, any Related Entity or any successor in any capacity of officer, employee, director or consultant, or (iii) any change in status as long as the individual remains in the service of the Company or a Related Entity in any capacity of



A-1



officer, employee, director or consultant (except as otherwise provided in the applicable Agreement). An approved leave of absence shall include, without limitation, sick leave, temporary disability, maternity leave, military leave (including, without limitation, service in the National Guard or the Army Reserves) or any other personal leave approved by the Committee. For purposes of Incentive Stock Options, no such leave may exceed ninety (90) days unless reemployment upon expiration of such leave is guaranteed by statute or contract.



- (i) “Corporate Transaction” means any of the following transactions:





(i) a merger or consolidation of the Company with any other corporation or other entity, other than (A) a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving or parent entity) 80% or more of the combined voting power of the voting securities of the Company or such surviving or parent entity outstanding immediately after such merger or consolidation or (B) a merger or consolidation effected to implement a recapitalization of the Company (or similar transaction) in which no "person" (as defined in the Exchange Act) acquired 25% or more of the combined voting power of the Company's then outstanding securities; or



(ii) a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all of its assets (or any transaction having a similar effect).



(j) “Deferred Stock Units” mean a Grantee’s rights to receive shares of Class B Common Stock on a deferred basis, subject to such restrictions, forfeiture provisions and other terms and conditions as shall be determined by the Committee.



(k) "Disability" shall mean a Grantee's inability to perform his or her duties with the Company or any of its affiliates by reason of any medically determinable physical or mental impairment, as determined by a physician selected by the Grantee and acceptable to the Company.





- (l) “Exchange Act” shall mean the Securities Exchange Act of 1934, as amended from time to time.



(m) "Fair Market Value" per share as of a particular date shall mean (i) the closing sale price per share of Class B Common Stock on the national securities exchange on which the Class B Common Stock is principally traded for the last preceding date on which there was a sale of such Class B Common Stock on such exchange, or (ii) if the shares of Class B Common Stock are then traded in an over-the-counter market, the average of the high and low trades for the shares of Class B Common Stock in such over-the-counter market for the last preceding date on which there was a sale of such Class B Common Stock in such market, or (iii) if the shares of Class B Common Stock are not then listed on a national securities exchange or traded in an over-the-counter market, such value as the Committee, in its sole discretion, shall determine.



(n) "Grantee" shall mean a person who receives a grant of Options, Stock Appreciation Rights, Limited Rights, Deferred Stock Units or Restricted Stock under the Plan.



(o) “Incentive Stock Option” shall mean any option intended to be, and designated as, an incentive stock option within the meaning of Section 422 of the Code.





- (p) “Insider” shall mean a Grantee who is subject to the reporting requirements of Section 16(a) of the Exchange Act.



(q) “Insider Trading Policy” shall mean the Insider Trading Policy of the Company, as may be amended from time to time.



- (r) “Limited Right” shall mean a limited stock appreciation right granted pursuant to Section 10 of the Plan.









(s) “Non-Employee Director” means a member of the Board or the board of directors of any Subsidiary (other than a Subsidiary that has either (A) a class of “equity securities” (as defined in Rule 3a11-1 promulgated under the Exchange Act) registered under the Exchange Act or a similar foreign statute or (B) adopted any stock option plan, equity compensation plan or similar employee benefit plan in which non-employee directors of such Subsidiary are eligible to participate), in each of clause (A) and (B), who is not an employee of the Company or any Subsidiary.



- (t) “Non-Employee Director Annual Grant” shall mean an award of 4,000 shares of Restricted Stock.



(u) "Non-Employee Director Grant Date" shall mean January 5 of the applicable year (or the following business day if January 5 is not a business day).



- (v) “Nonqualified Stock Option” shall mean any option not designated as an Incentive Stock Option.





(w) “Option” or “Options” shall mean a grant to a Grantee of an option or options to purchase shares of Class B Common Stock.



(x) "Option Agreement" shall have the meaning set forth in Section 6 of the Plan.



(y) "Option Price" shall mean the exercise price of the shares of Class B Common Stock covered by an Option.



(z) “Parent” shall mean any company (other than the Company) in an unbroken chain of companies ending with the Company if, at the time of granting an award under the Plan, each of the companies other than the Company owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other companies in such chain.





(aa) “Plan” means this IDT Corporation 2015 Stock Option and Incentive Plan, as amended or restated from time to time.



(bb) “Related Entity” means any Parent, Subsidiary or any business, corporation, partnership, limited liability company or other entity in which the Company, a Parent or a Subsidiary holds a substantial ownership interest, directly or indirectly.



(cc) “Related Entity Disposition” means the sale, distribution or other disposition by the Company of all or substantially all of the Company’s interest in any Related Entity effected by a sale, merger or consolidation or other transaction involving such Related Entity or the sale of all or substantially all of the assets of such Related Entity.



(dd) "Restricted Period" shall have the meaning set forth in Section 11(b) of the Plan.





(ee) “Restricted Stock” means shares of Class B Common Stock issued under the Plan to a Grantee for such consideration, if any, and subject to such restrictions on transfer, rights of refusal, repurchase provisions, forfeiture provisions and other terms and conditions as shall be determined by the Committee.



(ff) "Retirement" shall mean a Grantee's retirement in accordance with the terms of any tax-qualified retirement plan maintained by the Company or any of its affiliates in which the Grantee participates.



(gg) “Rule 16b-3” shall mean Rule 16b-3, as from time to time in effect, promulgated under the Exchange Act, including any successor to such Rule.



(hh) “Stock Appreciation Right” shall mean the right, granted to a Grantee under Section 9 of the Plan, to be paid an amount measured by the appreciation in the Fair Market Value of a share of Class B Common Stock from the date of grant to the date of exercise of the right, with payment to be made in cash or Class B Common Stock as applicable, as specified in the award or determined by the Committee.









(ii) "Subsidiary" shall mean any company (other than the Company) in an unbroken chain of companies beginning with the Company if each of the companies other than the last company in the unbroken chain owns stock possessing fifty percent (50%) or more of the total combined voting power of all classes of stock in one of the other companies in such chain.



(jj) "Tax Event" shall have the meaning set forth in Section 17 of the Plan.



(kk) “Ten Percent Stockholder” shall mean a Grantee who at the time an Incentive Stock Option is granted, owns stock possessing more than ten percent (10%) of the total combined voting power of all classes of stock of the Company or any Parent or Subsidiary.





3. Administration.



(a) The Plan shall be administered by the Committee, the members of which may be composed of “non-employee directors” under Rule 16b-3 and “outside directors” under Section 162(m) of the Code.



(b) The Committee shall have the authority in its discretion, subject to and not inconsistent with the express provisions of the Plan, to administer the Plan and to exercise all the powers and authorities either specifically granted to it under the Plan or necessary or advisable in the administration of the Plan, including, without limitation, the authority to grant Options, Stock Appreciation Rights, Limited Rights, Deferred Stock Units and Restricted Stock; to determine which Options shall constitute Incentive Stock Options and which Options shall constitute Nonqualified Stock Options; to determine which Options (if any) shall be accompanied by Limited Rights; to determine the Option Price for each Option; to determine the persons to whom, and the time or times at which awards shall be granted; to determine the number of shares to be covered by each award; to interpret the Plan and any award under the Plan; to reconcile any inconsistent terms in the Plan or any award under the Plan; to prescribe, amend and rescind rules and regulations relating to the Plan; to determine the terms and provisions of the Agreements (which need not be identical) and to cancel or suspend awards, as necessary; and to make all other determinations deemed necessary or advisable for the administration of the Plan.



(c) All decisions, determination and interpretations of the Committee shall be final and binding on all Grantees of any awards under this Plan. No member of the Board or Committee shall be liable for any action taken or determination made in good faith with respect to the Plan or any award granted hereunder.





(d) The Committee may delegate to one or more executive officers of the Company the authority to (i) grant awards under the Plan to employees of the Company and its Subsidiaries who are not executive officers or a member of the Board, (ii) execute and deliver documents or take such other ministerial actions on behalf of the Committee with respect to awards and (iii) to make interpretations of the Plan. The grant of authority in this Section 3(d) shall be subject to such conditions and limitations as may be determined by the Committee. If the Committee delegates authority to any such executive officer or executive officers of the Company pursuant to this Section 3(d), and such executive officer or executive officers grant awards pursuant to such delegated authority, references in this Plan to the “Committee” as they relate to such awards shall be deemed to refer to such executive officer or executive officers, as applicable.



4. Eligibility.



Awards may be granted to officers, employees, members of the Board and consultants of the Company or of any Subsidiary. In addition to any other awards granted to Non-Employee Directors hereunder, awards shall be granted to Non-Employee Directors pursuant to Section 14 of the Plan. In determining the persons to whom awards shall be granted and the number of shares to be covered by each award, the Committee shall take into account the duties of the respective persons, their present and potential contributions to the success of the Company and such other factors as the Committee shall deem relevant in connection with accomplishing the purposes of the Plan.









5. Stock.



(a) The maximum number of shares of Class B Common Stock reserved for the grant of awards under the Plan shall be 1,130,000, all of which may be granted as Incentive Stock Options, subject to adjustment as provided in Section 12 of the Plan. Such shares may, in whole or in part, be authorized but unissued shares or shares that shall have been or may be reacquired by the Company.



(b) If any outstanding award under the Plan should, for any reason expire, be canceled or be forfeited (other than in connection with the exercise of a Stock Appreciation Right or a Limited Right), without having been exercised in full, the shares of Class B Common Stock allocable to the unexercised, canceled or terminated portion of such award shall (unless the Plan shall have been terminated) become available for subsequent grants of awards under the Plan, unless otherwise determined by the Committee.



6. Terms and Conditions of Options.





(a) **OPTION AGREEMENT.** Each Option granted pursuant to the Plan shall be evidenced by a written agreement between the Company and the Grantee (the "Option Agreement"), in such form and containing such terms and conditions as the Committee shall from time to time approve, which Option Agreement shall comply with and be subject to the following terms and conditions, unless otherwise specifically provided in such Option Agreement. For purposes of interpreting this Section 6, a director's service as a member of the Board or a consultant's service shall be deemed to be employment with the Company.



(b) NUMBER OF SHARES. Each Option Agreement shall state the number of shares of Class B Common Stock to which the Option relates.



(c) TYPE OF OPTION. Each Option Agreement shall specifically state that the Option constitutes an Incentive Stock Option or a Nonqualified Stock Option. In the absence of such designation, the Option will be deemed to be a Nonqualified Stock Option.



(d) **OPTION PRICE.** Each Option Agreement shall state the Option Price, which, in the case of an Incentive Stock Option, shall not be less than one hundred percent (100%) of the Fair Market Value of the shares of Class B Common Stock covered by the Option on the date of grant. The Option Price shall be subject to adjustment as provided in Section 12 of the Plan.





(e) MEDIUM AND TIME OF PAYMENT. The Option Price shall be paid in full, at the time of exercise, in cash or in shares of Class B Common Stock having a Fair Market Value equal to such Option Price or in a combination of cash and Class B Common Stock including a cashless exercise procedure through a broker-dealer; provided, however, that in the case of an Incentive Stock Option, the medium of payment shall be determined at the time of grant and set forth in the applicable Option Agreement.



(f) TERM AND EXERCISABILITY OF OPTIONS. Each Option Agreement shall provide the exercisability schedule for the Option as determined by the Committee, provided, that, the Committee shall have the authority to accelerate the exercisability of any outstanding Option at such time and under such circumstances as it, in its sole discretion, deems appropriate. The exercise period will be ten (10) years from the date of the grant of the Option unless otherwise determined by the Committee; provided, however, that in the case of an Incentive Stock Option, such exercise period shall not exceed ten (10) years from the date of grant of such Option. The exercise period shall be subject to earlier termination as provided in Sections 6(g) and 6(h) of the Plan. An Option may be exercised, as to any or all full shares of Class B Common Stock as to which the Option has become exercisable, by written notice delivered in person, by mail, e-mail, fax or overnight delivery to the Company's transfer agent or other administrator designated by the Company, specifying the number of shares of Class B Common Stock with respect to which the Option is being exercised.



(g) TERMINATION. Except as provided in this Section 6(g) and in Section 6(h) of the Plan, an Option may not be exercised unless the Grantee is then in the employ of or maintaining a director or consultant relationship with the Company or a Subsidiary thereof (or a company or a Parent or









Subsidiary of such company issuing or assuming the Option in a transaction to which Section 424(a) of the Code applies), and unless the Grantee has remained in Continuous Service with the Company or any Subsidiary since the date of grant of the Option unless otherwise determined by the Committee. In the event that the employment or consultant relationship of a Grantee shall terminate (other than by reason of death, Disability or Retirement), all Options of such Grantee that are exercisable at the time of Grantee's termination may, unless earlier terminated in accordance with their terms, be exercised within 180 days after the date of termination (or such different period as the Committee shall prescribe).



(h) DEATH, DISABILITY OR RETIREMENT OF GRANTEE. If a Grantee shall die while employed by, or maintaining a director or consultant relationship with, the Company or a Subsidiary thereof, or within thirty (30) days after the date of termination of such Grantee's employment, director or consultant relationship (or within such different period as the Committee may have provided pursuant to Section 6(g) of the Plan), or if the Grantee's employment, director or consultant relationship shall terminate by reason of Disability, all Options theretofore granted to such Grantee (to the extent otherwise exercisable) may, unless earlier terminated in accordance with their terms, be exercised by the Grantee or by the Grantee's estate or by a person who acquired the right to exercise such Options by bequest or inheritance or otherwise by result of death or Disability of the Grantee, at any time within 180 days after the death or Disability of the Grantee (or such different period as the Committee shall prescribe). In the event that an Option granted hereunder shall be exercised by the legal representatives of a deceased or former Grantee, written notice of such exercise shall be accompanied by a certified copy of letters testamentary or equivalent proof of the right of such legal representative to exercise such Option. In the event that the employment or consultant relationship of a Grantee shall terminate on account of such Grantee's Retirement, all Options of such Grantee that are exercisable at the time of such Retirement may, unless earlier terminated in accordance with their terms, be exercised at any time within one hundred eighty (180) days after the date of such Retirement (or such different period as the Committee shall prescribe). All unvested Options shall be terminated upon death, disability or retirement, unless otherwise determined by the Committee.



(i) OTHER PROVISIONS. The Option Agreements evidencing awards under the Plan shall contain such other terms and conditions not inconsistent with the Plan as the Committee may determine.



7. Nonqualified Stock Options.





Options granted pursuant to this Section 7 are intended to constitute Nonqualified Stock Options and shall be subject only to the general terms and conditions specified in Section 6 of the Plan.



8. Incentive Stock Options.



Options granted pursuant to this Section 8 are intended to constitute Incentive Stock Options and shall be subject to the following special terms and conditions, in addition to the general terms and conditions specified in Section 6 of the Plan:



(a) **LIMITATION ON VALUE OF SHARES.** To the extent that the aggregate Fair Market Value of shares of Class B Common Stock subject to Options designated as Incentive Stock Options which become exercisable for the first time by a Grantee during any calendar year (under all plans of the Company or any Subsidiary) exceeds \$100,000, such excess Options, to the extent of the shares covered thereby in excess of the foregoing limitation, shall be treated as Nonqualified Stock Options. For this purpose, Incentive Stock Options shall be taken into account in the order in which they were granted, and the Fair Market Value of the shares of Class B Common Stock shall be determined as of the date that the Option with respect to such shares was granted.





(b) **TEN PERCENT STOCKHOLDER.** In the case of an Incentive Stock Option granted to a Ten Percent Stockholder, (i) the Option Price shall not be less than one hundred ten percent (110%) of the Fair Market Value of the shares of Class B Common Stock on the date of grant of such Incentive Stock Option, and (ii) the exercise period shall not exceed five (5) years from the date of grant of such Incentive Stock Option.







9. Stock Appreciation Rights.



The Committee shall have authority to grant a Stock Appreciation Right, either alone or in tandem with any Option. A Stock Appreciation Right granted in tandem with an Option shall, except as provided in this Section 9 or as may be determined by the Committee, be subject to the same terms and conditions as the related Option. Each Stock Appreciation Right granted pursuant to the Plan shall be evidenced by a written Agreement between the Company and the Grantee in such form as the Committee shall from time to time approve, which Agreement shall comply with and be subject to the following terms and conditions, unless otherwise specifically provided in such Agreement:





(a) TIME OF GRANT. A Stock Appreciation Right may be granted at such time or times as may be determined by the Committee.



(b) PAYMENT. A Stock Appreciation Right shall entitle the holder thereof, upon exercise of the Stock Appreciation Right or any portion thereof, to receive payment of an amount computed pursuant to Section 9(d) of the Plan.



(c) EXERCISE. A Stock Appreciation Right shall be exercisable at such time or times and only to the extent determined by the Committee, and will not be transferable. A Stock Appreciation Right granted in connection with an Incentive Stock Option shall be exercisable only if the Fair Market Value of a share of Class B Common Stock on the date of exercise exceeds the purchase price specified in the related Incentive Stock Option. Unless otherwise approved by the Committee, no Grantee shall be permitted to exercise any Stock Appreciation Right during the period beginning two weeks prior to the end of each of the Company's fiscal quarters and ending on the second business day following the day on which the Company releases to the public a summary of its fiscal results for such period.



(d) AMOUNT PAYABLE. Upon the exercise of a Stock Appreciation Right, the Optionee shall be entitled to receive an amount determined by multiplying (i) the excess of the Fair Market Value of a share of Class B Common Stock on the date of exercise of such Stock Appreciation Right over the exercise or other base price of the Stock Appreciation Right or, if applicable, the Option Price of the related Option, by (ii) the number of shares of Class B Common Stock as to which such Stock Appreciation Right is being exercised.





(e) TREATMENT OF RELATED OPTIONS AND STOCK APPRECIATION RIGHTS UPON EXERCISE. Upon the exercise of a Stock Appreciation Right, the related Option, if any, shall be canceled to the extent of the number of shares of Class B Common Stock as to which the Stock Appreciation Right is exercised. Upon the exercise or surrender of an Option granted in connection with a Stock Appreciation Right, the Stock Appreciation Right shall be canceled to the extent of the number of shares of Class B Common Stock as to which the Option is exercised or surrendered.



(f) **METHOD OF EXERCISE.** Stock Appreciation Rights shall be exercised by a Grantee only by a written notice delivered to the Company in accordance with procedures specified by the Company from time to time. Such notice shall state the number of shares of Class B Common Stock with respect to which the Stock Appreciation Right is being exercised. A Grantee may also be required to deliver to the Company the underlying Agreement evidencing the Stock Appreciation Right being exercised and any related Option Agreement so that a notation of such exercise may be made thereon, and such Agreements shall then be returned to the Grantee.



(g) **FORM OF PAYMENT.** Payment of the amount determined under Section 9(d) of the Plan may be made solely in whole shares of Class B Common Stock in a number based upon their Fair Market Value on the date of exercise of the Stock Appreciation Right or, alternatively, at the sole discretion of the Committee, solely in cash, or in a combination of cash and shares of Class B Common Stock as the Committee deems advisable. If the Committee decides to make full payment in shares of Class B Common Stock and the amount payable results in a fractional share, payment for the fractional share will be made in cash.



A-7





10. Limited Stock Appreciation Rights.



The Committee shall have authority to grant a Limited Right, either alone or in tandem with any Option. Each Limited Right granted pursuant to the Plan shall be evidenced by a written Agreement between the Company and the Grantee in such form as the Committee shall from time to time approve, which Agreement shall comply with and be subject to the following terms and conditions, unless otherwise specifically provided in such Agreement:



(a) TIME OF GRANT. A Limited Right may be granted at such time or times as may be determined by the Committee.



(b) EXERCISE. A Limited Right may be exercised only (i) during the ninety-day period following the occurrence of a Change in Control or (ii) immediately prior to the effective date of a Corporate Transaction. A Limited Right shall be exercisable at such time or times and only to the extent determined by the Committee, and will not be transferable except to the extent any related Option is transferable or as otherwise determined by the Committee. A Limited Right granted in connection with an Incentive Stock Option shall be exercisable only if the Fair Market Value of a share of Class B Common Stock on the date of exercise exceeds the purchase price specified in the related Incentive Stock Option.





(c) AMOUNT PAYABLE. Upon the exercise of a Limited Right, the Grantee thereof shall receive in cash whichever of the following amounts is applicable:



(i) in the case of the realization of Limited Rights by reason of an acquisition of common stock described in clause (i) of the definition of “Change in Control” (Section 2(c) of this Plan), an amount equal to the Acquisition Spread as defined in Section 10(d)(ii) below; or



(ii) in the case of the realization of Limited Rights by reason of stockholder approval of an agreement or plan described in clause (i) of the definition of “Corporate Transaction” (Section 2(j) of this Plan), an amount equal to the Merger Spread as defined in Section 10(d)(iv) below; or



(iii) in the case of the realization of Limited Rights by reason of the change in composition of the Board described in clause (ii) of the definition of “Change in Control” or stockholder approval of a plan or agreement described in clause (ii) of the definition of Corporate Transaction, an amount equal to the Spread as defined in Section 10(d)(v) of this Plan.





Notwithstanding the foregoing provisions of this Section 10(c) (or unless otherwise approved by the Committee), in the case of a Limited Right granted in respect of an Incentive Stock Option, the Grantee may not receive an amount in excess of the maximum amount that will enable such option to continue to qualify under the Code as an Incentive Stock Option.



(d) DETERMINATION OF AMOUNTS PAYABLE. The amounts to be paid to a Grantee pursuant to Section 10(c) of this Plan shall be determined as follows:



(i) The term “Acquisition Price per Share” as used herein shall mean, with respect to the exercise of any Limited Right by reason of an acquisition of Class B Common Stock described in clause (i) of the definition of Change in Control, the greatest of (A) the highest price per share shown on the Statement on Schedule 13D or amendment thereto filed by the holder of 25% or more of the voting power of the Company that gives rise to the exercise of such Limited Right, (B) the highest price paid in any tender or exchange offer which is in effect at any time during the ninety-day period ending on the date of exercise of the Limited Right, or (C) the highest Fair Market Value per share of Class B Common Stock during the ninety day period ending on the date the Limited Right is exercised.



(ii) The term “Acquisition Spread” as used herein shall mean an amount equal to the product computed by multiplying (A) the excess of (1) the Acquisition Price per Share over (2) the exercise or other base price of the Limited Right or, if applicable, the Option Price per share of Class B Common Stock at which the related Option is exercisable, by (B) the number of shares of Class B Common Stock with respect to which such Limited Right is being exercised.









(iii) The term “Merger Price per Share” as used herein shall mean, with respect to the exercise of any Limited Right by reason of stockholder approval of an agreement described in clause (i) of the definition of Corporate Transaction, the greatest of (A) the fixed or formula price for the acquisition of shares of Class B Common Stock specified in such agreement, if such fixed or formula price is determinable on the date on which such Limited Right is exercised, (B) the highest price paid in any tender or exchange offer which is in effect at any time during the ninety-day period ending on the date of exercise of the Limited Right, (C) the highest Fair Market Value per share of Class B Common Stock during the ninety-day period ending on the date on which such Limited Right is exercised.



(iv) The term “Merger Spread” as used herein shall mean an amount equal to the product, computed by multiplying (A) the excess of (1) the Merger Price per Share over (2) the exercise or other base price of the Limited Right or, if applicable, the Option Price per share of Class B Common Stock at which the related Option is exercisable, by (B) the number of shares of Class B Common Stock with respect to which such Limited Right is being exercised.



(v) The term “Spread” as used herein shall mean, with respect to the exercise of any Limited Right by reason of a change in the composition of the Board described in clause (ii) of the definition of Change in Control or stockholder approval of a plan or agreement described in clause (ii) of the definition of Corporate Transaction, an amount equal to the product computed by multiplying (i) the excess of (A) the greater of (1) the highest price paid in any tender or exchange offer which is in effect at any time during the ninety-day period ending on the date of exercise of the Limited Right or (2) the highest Fair Market Value per share of Class B Common Stock during the ninety day period ending on the date the Limited Right is exercised over (B) the exercise or other base price of the Limited Right or, if applicable, the Option Price per share of Class B Common Stock at which the related Option is exercisable, by (ii) the number of shares of Class B Common Stock with respect to which the Limited Right is being exercised.





(e) TREATMENT OF RELATED OPTIONS AND LIMITED RIGHTS UPON EXERCISE. Upon the exercise of a Limited Right, the related Option, if any, shall cease to be exercisable to the extent of the shares of Class B Common Stock with respect to which such Limited Right is exercised but shall be considered to have been exercised to that extent for purposes of determining the number of shares of Class B Common Stock available for the grant of future awards pursuant to this Plan. Upon the exercise or termination of a related Option, if any, the Limited Right with respect to such related Option shall terminate to the extent of the shares of Class B Common Stock with respect to which the related Option was exercised or terminated.



(f) **METHOD OF EXERCISE.** To exercise a Limited Right, the Grantee shall (i) deliver written notice to the Company specifying the number of shares of Class B Common Stock with respect to which the Limited Right is being exercised, and (ii) if requested by the Committee, deliver to the Company the Agreement evidencing the Limited Rights being exercised and, if applicable, the Option Agreement evidencing the related Option; the Company shall endorse thereon a notation of such exercise and return such Agreements to the Grantee. The date of exercise of a Limited Right that is validly exercised shall be deemed to be the date on which there shall have been delivered the instruments referred to in the first sentence of this Section 10(f).



11. Restricted Stock.



The Committee may award shares of Restricted Stock to any eligible employee, director or consultant of the Company or of any Subsidiary. Each award of Restricted Stock under the Plan shall be evidenced by a written Agreement between the Company and the Grantee, in such form as the Committee shall from time to time approve, which Agreement shall comply with and be subject to the following terms and conditions, unless otherwise specifically provided in such Agreement:





(a) NUMBER OF SHARES. Each Agreement shall state the number of shares of Restricted Stock to be subject to an award.







(b) RESTRICTIONS. Shares of Restricted Stock may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution, for such period as the Committee shall determine from the date on which the award is granted (the "Restricted Period"). The Committee may also impose such additional or alternative restrictions and conditions on the shares as it deems appropriate including, but not limited to, the satisfaction of performance criteria. Such performance criteria may include, without limitation, sales, earnings before interest and taxes, return on investment, earnings per share, any combination of the foregoing or rate of growth of any of the foregoing, as determined by the Committee. The Company may, at its option, maintain issued shares in book entry form. Certificates, if any, for shares of stock issued pursuant to Restricted Stock awards shall bear an appropriate legend referring to such restrictions, and any attempt to dispose of any such shares of stock in contravention of such restrictions shall be null and void and without effect. During the Restricted Period, any such certificates shall be held in a restricted account at the transfer agent appointed by the Company. In determining the Restricted Period of an award, the Committee may provide that the foregoing restrictions shall lapse with respect to specified percentages of the awarded shares on successive anniversaries or other specified dates of the date of such award.



(c) FORFEITURE. Subject to such exceptions as may be determined by the Committee, if the Grantee's Continuous Service with the Company or any Subsidiary shall terminate for any reason prior to the expiration of the Restricted Period of an award, any shares remaining subject to restrictions (after taking into account the provisions of Subsection (e) of this Section 11) shall thereupon be forfeited by the Grantee and transferred to, and retired by, the Company without cost to the Company or such Subsidiary, and such shares shall become available for subsequent grants of awards under the Plan, unless otherwise determined by the Committee.





(d) OWNERSHIP. During the Restricted Period, the Grantee shall possess all incidents of ownership of such shares, subject to Subsection (b) of this Section 11, including the right to receive dividends with respect to such shares and to vote such shares.



(e) **ACCELERATED LAPSE OF RESTRICTIONS.** Upon the occurrence of any of the events specified in Section 13 of the Plan (and subject to the conditions set forth therein), all restrictions then outstanding on any shares of Restricted Stock awarded under the Plan shall lapse as of the applicable date set forth in Section 13. The Committee shall have the authority (and the Agreement may so provide) to cancel all or any portion of any outstanding restrictions prior to the expiration of the Restricted Period with respect to any or all of the shares of Restricted Stock awarded on such terms and conditions as the Committee shall deem appropriate.



11A. Deferred Stock Units.



The Committee may award Deferred Stock Units to any outside director, eligible employee or consultant of the Company or of any Subsidiary. Each award of Deferred Stock Units under the Plan shall be evidenced by a written Agreement between the Company and the Grantee, in such form as the Committee shall from time to time approve, which Agreement shall comply with and be subject to the following terms and conditions, unless otherwise specifically provided in such Agreement:





(a) NUMBER OF SHARES. Each Agreement for Deferred Stock Units shall state the number of shares of Class B Common Stock to be subject to an award.



(b) RESTRICTIONS. Deferred Stock Units may not be sold, assigned, transferred, pledged, hypothecated or otherwise disposed of, except by will or the laws of descent and distribution, until shares of Class B Common Stock are payable with respect to an award. The Committee may impose such vesting restrictions and conditions on the payment of shares as it deems appropriate including the satisfaction of performance criteria. Such performance criteria may include sales, earnings before interest and taxes, return on investment, earnings per share, any combination of the foregoing or rate of growth of any of the foregoing, as determined by the Committee.



(c) FORFEITURE. Subject to such exceptions as may be determined by the Committee, if the Grantee's Continuous Service with the Company or any Subsidiary shall terminate for any reason



A-10





prior to the Grantee becoming fully vested in the award, then the Grantee's rights under any unvested Deferred Stock Units shall be forfeited without cost to the Company or such Subsidiary.



(d) OWNERSHIP. Until shares are delivered with respect to Deferred Stock Units, the Grantee shall not possess any incidents of ownership of such shares, including the right to receive dividends with respect to such shares and to vote such shares.



(e) **ACCELERATED LAPSE OF RESTRICTIONS.** Upon the occurrence of any of the events specified in Section 13 of the Plan (and subject to the conditions set forth therein), all restrictions then outstanding on any Deferred Stock Units awarded under the Plan shall lapse as of the applicable date set forth in Section 13. The Committee shall have the authority (and the Agreement may so provide) to cancel all or any portion of any outstanding restrictions prior to the expiration of any restricted period with respect to any or all of the shares of Deferred Stock Units awarded on such terms and conditions as the Committee shall deem appropriate.



12. Effect of Certain Changes.





(a) ADJUSTMENTS UPON CHANGES IN CAPITALIZATION. In the event of any extraordinary liquidating dividend, stock dividend, recapitalization, merger, consolidation, stock split, warrant or rights issuance, or combination or exchange of such shares, or other similar transactions, the Committee shall equitably adjust (i) the number of shares of Class B Common Stock available for awards under the Plan, (ii) the number and/or kind of shares covered by outstanding awards and (iii) the Option Price per share of Options or the applicable market value of Stock Appreciation Rights or Limited Rights, in each such case so as to reflect such event and preserve the value of such awards; provided, however, that any fractional shares resulting from such adjustment shall be eliminated. This provision shall not apply to cash dividends or returns of capital.



(b) **CHANGE IN CLASS B COMMON STOCK.** In the event of a change in the Class B Common Stock as presently constituted that is limited to a change of all of its authorized shares of Class B Common Stock into the same number of shares with a different par value or without par value, the shares resulting from any such change shall be deemed to be the Class B Common Stock within the meaning of the Plan.



13. Corporate Transaction; Change in Control; Related Entity Disposition.



(a) CORPORATE TRANSACTION. In the event of a Corporate Transaction, each award which is at the time outstanding under the Plan shall automatically become fully vested and exercisable and, in the case of an award of Restricted Stock or an award of Deferred Stock Units, shall be released from any restrictions on transfer (except with regard to the Insider Trading Policy and such other agreements between the Grantee and the Company) and repurchase or forfeiture rights, immediately prior to the specified effective date of such Corporate Transaction. Effective upon the consummation of the Corporate Transaction, all outstanding awards of Options, Stock Appreciation Rights and Limited Rights under the Plan shall terminate, unless otherwise determined by the Committee. However, all such awards shall not terminate if the awards are, in connection with the Corporate Transaction, assumed by the successor corporation or Parent thereof.





(b) **CHANGE IN CONTROL.** In the event of a Change in Control (other than a Change in Control which is also a Corporate Transaction), each award which is at the time outstanding under the Plan automatically shall become fully vested and exercisable and, in the case of an award of Restricted Stock or an award of Deferred Stock Units, shall be released from any restrictions on transfer and repurchase or forfeiture rights, immediately prior to the specified effective date of such Change in Control.



(c) RELATED ENTITY DISPOSITION. The Continuous Service of each Grantee (who is primarily engaged in service to a Related Entity at the time it is involved in a Related Entity Disposition) shall terminate effective upon the consummation of such Related Entity Disposition, and each outstanding award of such Grantee under the Plan shall become fully vested and exercisable and, in the case of an award of Restricted Stock or an award of Deferred Stock Units, shall be released from any restrictions on transfer (except with regard to the Insider Trading Policy and such other







agreements between the Grantee and the Company). Unless otherwise determined by the Committee, the Continuous Service of a Grantee shall not be deemed to terminate (and each outstanding award of such Grantee under the Plan shall not become fully vested and exercisable and, in the case of an award of Restricted Stock or an award of Deferred Stock Units, shall not be released from any restrictions on transfer) if (i) a Related Entity Disposition involves the spin-off of a Related Entity, for so long as such Grantee continues to remain in the service of such entity that constituted the Related Entity immediately prior to the consummation of such Related Entity Disposition (“SpinCo”) in any capacity of officer, employee, director or consultant or (ii) an outstanding award is assumed by the surviving corporation (whether SpinCo or otherwise) or its parent entity in connection with a Related Entity Disposition.





(d) **SUBSTITUTE AWARDS.** The Committee may grant awards under the Plan in substitution of stock-based incentive awards held by employees, consultants or directors of another entity who become employees, consultants or directors of the Company or any Subsidiary by reason of a merger or consolidation of such entity with the Company or any Subsidiary, or the acquisition by the Company or a Subsidiary of property or equity of such entity, upon such terms and conditions as the Committee may determine, and such awards shall not count against the share limitation set forth in Section 5 of the Plan.



14. Non-Employee Director Restricted Stock.



The provisions of this Section 14 shall apply only to certain grants of Restricted Stock to Non-Employee Directors, as provided below. Except as set forth in this Section 14, the other provisions of the Plan shall apply to grants of Restricted Stock to Non-Employee Directors to the extent not inconsistent with this Section. For purposes of interpreting Section 6 of the Plan and this Section 14, a Non-Employee Director's service as a member of the Board or the board of directors of any Subsidiary shall be deemed to be employment with the Company.



(a) GENERAL. Non-Employee Directors shall receive Restricted Stock in accordance with this Section 14. Restricted Stock granted pursuant to this Section 14 shall be subject to the terms of such section and shall not be subject to discretionary acceleration of vesting by the Committee. Unless determined otherwise by the Committee, Non-Employee Directors shall not receive separate and additional grants hereunder for being a Non-Employee Director of (i) the Company and a Subsidiary or (ii) more than one Subsidiary.





(b) INITIAL GRANTS OF RESTRICTED STOCK. A Non-Employee Director who first becomes a Non-Employee Director shall receive a pro-rata amount (based on projected quarters of service to the following Non-Employee Director Grant Date) of a Non-Employee Director Annual Grant on his date of appointment as a Non-Employee Director.



(c) ANNUAL GRANTS OF RESTRICTED STOCK. On each Non-Employee Director Grant Date, each Non-Employee Director shall receive a Non-Employee Director Annual Grant.



(d) VESTING OF RESTRICTED STOCK. Restricted Stock granted under this Section 14 shall be fully vested on the date of grant.



15. Period During which Awards May Be Granted.





Awards may be granted pursuant to the Plan from time to time commencing on January 1, 2015 until September 16, 2024 (ten (10) years from September 17, 2014, the date the Board initially adopted the Plan). No awards shall be effective prior to the approval of the Plan by a majority of the Company's stockholders.



16. Transferability of Awards.



(a) Incentive Stock Options and Stock Appreciation Rights may not be sold, pledged, assigned, hypothecated, transferred or disposed of in any manner other than by the laws of descent and distribution and may be exercised, during the lifetime of the Grantee, only by the Grantee or his or her guardian or legal representative.









(b) Nonqualified Stock Options shall be transferable in the manner and to the extent acceptable to the Committee, as evidenced by a writing signed by the Company and the Grantee. Nonqualified Stock Options (together with any Stock Appreciation Rights or Limited Rights related thereto) shall be transferable by a Grantee as a gift to the Grantee's "family members" (as defined in Form S-8) under such terms and conditions as may be established by the Committee; provided that the Grantee receives no consideration for the transfer. Notwithstanding the transfer by a Grantee of a Nonqualified Stock Option, the transferred Nonqualified Stock Option shall continue to be subject to the same terms and conditions as were applicable to the Nonqualified Stock Option immediately before the transfer (including, without limitation, the Insider Trading Policy) and the Grantee will continue to remain subject to the withholding tax requirements set forth in Section 17 hereof.



(c) The terms of any award granted under the Plan, including the transferability of any such award, shall be binding upon the executors, administrators, heirs and successors of the Grantee.



(d) Restricted Stock shall remain subject to the Insider Trading Policy after the expiration of the Restricted Period. Deferred Stock Units shall remain subject to the Insider Trading Policy after payment thereof.



17. Agreement by Grantee regarding Withholding Taxes.





If the Committee shall so require, as a condition of exercise of an Option, Stock Appreciation Right or Limited Right, the expiration of a Restricted Period or payment of a Deferred Stock Unit (each, a "Tax Event"), each Grantee shall agree that no later than the date of the Tax Event, the Grantee will pay to the Company or make arrangements satisfactory to the Committee regarding payment of any federal, state or local taxes of any kind required by law to be withheld upon the Tax Event. Unless determined otherwise by the Committee, a Grantee shall permit, to the extent permitted or required by law, the Company to withhold federal, state and local taxes of any kind required by law to be withheld upon the Tax Event from any payment of any kind due to the Grantee. Unless otherwise determined by the Committee, any such above-described withholding obligation may, in the discretion of the Company, be satisfied by the withholding by the Company or delivery to the Company of Class B Common Stock.



18. Rights as a Stockholder.



Except as provided in Section 11(d) of the Plan, a Grantee or a transferee of an award shall have no rights as a stockholder with respect to any shares covered by the award until the date of the issuance of such shares to him or her. No adjustment shall be made for dividends (ordinary or extraordinary, whether in cash, securities or other property) or distribution of other rights for which the record date is prior to the date such shares are issued, except as provided in Section 12(a) of the Plan.



19. No Rights to Employment; Forfeiture of Gains.





Nothing in the Plan or in any award granted or Agreement entered into pursuant hereto shall confer upon any Grantee the right to continue as a director of, in the employ of, or in a consultant relationship with, the Company or any Subsidiary or to be entitled to any remuneration or benefits not set forth in the Plan or such Agreement or to interfere with or limit in any way the right of the Company or any such Subsidiary to terminate such Grantee's employment or consulting relationship. Awards granted under the Plan shall not be affected by any change in duties or position of a Grantee as long as such Grantee continues to be employed by, or in a consultant relationship with, or a director of the Company or any Subsidiary. The Agreement for any award under the Plan may require the Grantee to pay to the Company any financial gain realized from the prior exercise, vesting or payment of the award in the event that the Grantee engages in conduct that violates any non-compete, non-solicitation or non-disclosure obligation of the Grantee under any agreement with the Company or any Subsidiary, including, without limitation, any such obligations provided in the Agreement.



20. Beneficiary.



Edgar Filing: IDT CORP - Form DEF 14A

A Grantee may file with the Committee a written designation of a beneficiary on such form as may be prescribed by the Committee and may, from time to time, amend or revoke such designation. If no









designated beneficiary survives the Grantee, the executor or administrator of the Grantee's estate shall be deemed to be the Grantee's beneficiary.



21. Authorized Share Approval; Amendment and Termination of the Plan.



(a) AUTHORIZED SHARE APPROVAL. The Plan was adopted by the Board on September 17, 2014. The Plan was ratified by the Company's stockholders on December 15, 2014, with 500,000 shares of Class B Common Stock authorized for awards under the Plan. The Plan shall become effective on January 1, 2015 and shall terminate on September 16, 2024. The Board amended the Plan on September 24, 2015 and October 13, 2016 to increase the amount of authorized shares under the Plan to 600,000 and then 700,000, respectively, shares of Class B Common Stock. The Company's stockholders ratified such amendments to the Plan on December 14, 2015 and December 14, 2016, respectively. The Board amended the Plan on September 28, 2017 to increase the amount of authorized shares under the Plan to 1,030,000 shares of Class B Common Stock. The Company's stockholders ratified such amendment to the Plan on December 14, 2017. The Board amended the Plan on November 15 2018 to increase the amount of authorized shares under the Plan to 1,130,000 shares of Class B Common Stock. The Company's stockholders ratified such amendment to the Plan on December 13, 2018.



(b) AMENDMENT AND TERMINATION OF THE PLAN. The Board, or the Committee if so delegated by the Board, at any time and from time to time may suspend, terminate, modify or amend the Plan; however, unless otherwise determined by the Board, or the Committee if applicable, an amendment that requires stockholder approval in order for the Plan to continue to comply with any law, regulation or stock exchange requirement shall not be effective unless approved by the requisite vote of stockholders. Except as provided in Section 13(a) of the Plan, no suspension, termination, modification or amendment of the Plan may adversely affect any award previously granted, unless the written consent of the Grantee is obtained.





22. Governing Law.



The Plan and all determinations made and actions taken pursuant hereto shall be governed by the laws of the State of Delaware.







ANNUAL MEETING OF STOCKHOLDERS OF  
IDT CORPORATION



December 13, 2018



Important Notice Regarding the Availability of Proxy Materials for the IDT Corporation  
Stockholders Meeting to be Held on December 13, 2018:

The Notice of Annual Meeting and Proxy Statement and the 2018 Annual Report are available at:



[www.idt.net/ir](http://www.idt.net/ir)

Please date, sign and mail  
your proxy card in the  
envelope provided as soon  
as possible.



Please detach along perforated line and mail in the envelope provided.





PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTES IN BLUE OR BLACK INK AS SHOWN HERE S



THE BOARD OF DIRECTORS RECOMMENDS VOTES

“FOR” THE LISTED NOMINEES, “FOR” PROPOSALS 2, 3 & 4 AND FOR “THREE YEARS” ON PROPOSAL 5



FOR AGAINST ABSTAIN

FOR AGAINST ABSTAIN



- |                                           |                                                                                                                                                                                                                                     |   |   |   |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|
| 1. Election of<br>Directors:<br>NOMINEES: | 3. To approve the<br>sale by the<br>Company to<br>Howard S. Jonas<br>of 2,546,689<br>shares of the<br>Company's Class<br>B Common Stock<br>from the<br>Company's<br>treasury account<br>for a purchase<br>price of<br>\$15,000,000. | £ | £ | £ |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|





Michael Chenkin    £    £            £



Eric F. Cosentino    £    £            £



Howard S. Jonas     £     £     £



Bill Pereira      £      £      £





Judah Schorr      £      £      £



Edgar Filing: IDT CORP - Form DEF 14A

- |    |                                                                                                                                                                                                                                                |   |   |   |    |                                         |   |   |   |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|----|-----------------------------------------|---|---|---|
| 2. | To approve an amendment to the IDT Corporation 2015 Stock Option and Incentive Plan that will increase the number of shares of the Company's Class B Common Stock available for the grant of awards thereunder by an additional 100,000 shares | £ | £ | £ | 4. | Advisory vote on executive compensation | £ | £ | £ |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|----|-----------------------------------------|---|---|---|







- |                                                                                   |   |   |   |   |
|-----------------------------------------------------------------------------------|---|---|---|---|
| 5. Advisory vote on frequency of future advisory votes on executive compensation. | £ | £ | £ | £ |
|-----------------------------------------------------------------------------------|---|---|---|---|





Edgar Filing: IDT CORP - Form DEF 14A

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

£

MARK "X" HERE IF  
YOU PLAN TO  
ATTEND THE  
MEETING.

£



Signature of Stockholder

Date:

Signature of Stockholder

Date:



Edgar Filing: IDT CORP - Form DEF 14A

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by a duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by an authorized person.









Electronic Distribution



Edgar Filing: IDT CORP - Form DEF 14A

If you would like to receive future IDT CORPORATION proxy statements and annual reports electronically, please visit [www.amstock.com](http://www.amstock.com). Click on Shareholder Account Access to enroll. Please enter your account number and tax identification number to log in, then select Receive Company Mailings via e-Mail and provide your e-mail address.



THIS PROXY IS BEING SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF  
IDT CORPORATION

520 Broad Street, Newark, New Jersey 07102

(973) 438-1000

PROXY FOR ANNUAL MEETING OF STOCKHOLDERS

To Be Held December 13, 2018



Edgar Filing: IDT CORP - Form DEF 14A

The undersigned appoints Howard S. Jonas and Joyce J. Mason, or either one of them, as the proxy of the undersigned with full power of substitution to attend and vote at the Annual Meeting of Stockholders (the "Annual Meeting") of IDT Corporation to be held at the Offices of IDT Corporation, 520 Broad Street, Newark, New Jersey 07102 on December 13, 2018 at 10:30 a.m., and any adjournment or postponement of the Annual Meeting, according to the number of votes the undersigned would be entitled to cast if personally present, for or against any proposal, including the election of members of the Board of Directors, and any and all other business that may come before the Annual Meeting, except as otherwise indicated on the reverse side of this card.





THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED BY THE UNDERSIGNED STOCKHOLDER. IF NO SUCH DIRECTIONS ARE MADE, THIS PROXY WILL BE VOTED "FOR" THE ELECTION OF THE NOMINEES FOR THE BOARD OF DIRECTORS. "FOR" PROPOSALS 2, 3 & 4 AND FOR "THREE YEARS" ON PROPOSAL 5 LISTED ON THE REVERSE SIDE.



CONTINUED AND TO BE SIGNED ON REVERSE SIDE







ANNUAL MEETING OF STOCKHOLDERS OF  
IDT CORPORATION





December 13, 2018



PROXY VOTING INSTRUCTIONS



Edgar Filing: IDT CORP - Form DEF 14A

INTERNET - Access “[www.voteproxy.com](http://www.voteproxy.com)” and follow the on-screen instructions or scan the QR code with your smartphone. Have your proxy card available when you access the web page. Vote online until 11:59 PM EST the day before the meeting.



MAIL - Date, sign and mail your proxy card in the envelope provided as soon as possible.





IN PERSON - You may vote your shares in person by attending the Annual Meeting.

COMPANY NUMBER

---



Edgar Filing: IDT CORP - Form DEF 14A

GO GREEN - e-Consent makes it easy to go paperless. With e-Consent, you can quickly access your proxy material, statements and other eligible documents online, while reducing costs, clutter and paper waste. Enroll today via [www.amstock.com](http://www.amstock.com) to enjoy online access.

ACCOUNT NUMBER

\_\_\_\_\_



Edgar Filing: IDT CORP - Form DEF 14A

Please detach along perforated line and mail in the envelope provided IF you are not voting via the Internet.



- PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTES IN BLUE OR BLACK INK AS SHOWN HERE S





THE BOARD OF DIRECTORS RECOMMENDS VOTES

“FOR” THE LISTED NOMINEES, “FOR” PROPOSALS 2, 3 & 4 AND FOR “THREE YEARS” ON PROPOSAL 5.



FOR AGAINST ABSTAIN

FOR AGAINST ABSTAIN



- |                                           |                                                                                                                                                                                                                                     |   |   |   |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|
| 1. Election of<br>Directors:<br>NOMINEES: | 3. To approve the<br>sale by the<br>Company to<br>Howard S. Jonas<br>of 2,546,689<br>shares of the<br>Company's Class<br>B Common Stock<br>from the<br>Company's<br>treasury account<br>for a purchase<br>price of<br>\$15,000,000. | £ | £ | £ |
|-------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|



Michael Chenkin    £    £            £





Eric F. Cosentino    £    £            £



Howard S. Jonas     £     £     £



Bill Pereira      £      £      £



Judah Schorr      £      £      £





Edgar Filing: IDT CORP - Form DEF 14A

- |    |                                                                                                                                                                                                                                                |   |   |   |    |                                         |   |   |   |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|----|-----------------------------------------|---|---|---|
| 2. | To approve an amendment to the IDT Corporation 2015 Stock Option and Incentive Plan that will increase the number of shares of the Company's Class B Common Stock available for the grant of awards thereunder by an additional 100,000 shares | £ | £ | £ | 4. | Advisory vote on executive compensation | £ | £ | £ |
|----|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|---|----|-----------------------------------------|---|---|---|







- |                                                                                   |   |   |   |   |
|-----------------------------------------------------------------------------------|---|---|---|---|
| 5. Advisory vote on frequency of future advisory votes on executive compensation. | £ | £ | £ | £ |
|-----------------------------------------------------------------------------------|---|---|---|---|



Edgar Filing: IDT CORP - Form DEF 14A

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method.

£

MARK "X" HERE IF  
YOU PLAN TO  
ATTEND THE  
MEETING.

£





Signature of Stockholder

Date:

Signature of Stockholder

Date:



Edgar Filing: IDT CORP - Form DEF 14A

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by a duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by an authorized person.



