

IDT CORP  
Form 8-K  
November 03, 2011

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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FORM 8-K

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CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): October 28, 2011

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IDT CORPORATION

(Exact name of registrant as specified in its charter)

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Delaware  
(State or other jurisdiction  
of Incorporation)

1-16371  
(Commission File Number)

22-3415036  
(IRS Employer  
Identification No.)

520 Broad Street  
Newark, New Jersey  
(Address of principal executive offices)

07102  
(Zip Code)

Registrant's telephone number, including area code: (973) 438-1000

Not Applicable  
(Former name or former address, if changed since last report.)

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

.. Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

.. Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

..

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Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

- “ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
-

Item 2.01. Completion of Acquisition or Disposition of Assets.

On October 28, 2011 (the “distribution date”), IDT Corporation (“IDT”) completed the spin-off of Genie Energy Ltd. (“Genie”), a wholly-owned subsidiary of IDT, to IDT’s stockholders. In the spinoff, IDT distributed its 100% interest in Genie to IDT’s stockholders. Upon completion of the spinoff, IDT’s businesses consist primarily of IDT Telecom, Innovative Communications Technologies, Inc., as well as other interests and smaller operations, including IDT’s interests in Zedge and Fabrix. Genie consists of IDT Energy, which operates its energy services company (ESCO), and Genie Oil and Gas, its unconventional energy operations.

The spin-off of Genie occurred by way of a pro rata distribution of Genie Class A common stock and Class B common stock to IDT’s stockholders. In the distribution, on the distribution date, each IDT stockholder received one share of Genie Class A common stock for every share of IDT Class A stock and one share of Genie Class B common stock for every share of IDT Class B common stock, held on or about 5:00 p.m., Eastern Time, on October 21, 2011, the record date for the spin-off.

Item 7.01. Regulation FD Disclosure.

On October 31, 2011, the Registrant issued a press release announcing the consummation of the spinoff of Genie described in Item 2.01 above. The press release is being furnished and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 (the “Exchange Act”) or otherwise subject to the liabilities of such section, nor shall such information be deemed to be incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 9.01. Financial Statements and Exhibits.

(b) Pro Forma Financial Information

(d) Exhibits

Exhibit

| No.  | Document  |
|------|---|
| 99.1 | Press Release issued by Registrant, dated October 31, 2011. |

IDT CORPORATION  
INDEX TO (UNAUDITED) PRO FORMA INFORMATION

|  | Page |
|--|------|
| Pro Forma Consolidated Financial Statements – Basis of Presentation                | F-1  |
| Pro Forma Consolidated Balance Sheet as of July 31, 2011                           | F-2  |
| Pro Forma Consolidated Statement of Operations for the year ended July 31, 2011    | F-3  |
| Pro Forma Consolidated Statement of Operations for the year ended July 31, 2010    | F-4  |
| Pro Forma Consolidated Statement of Operations for the year ended July 31, 2009    | F-5  |
| Notes and Management’s Assumptions to Pro Forma Consolidated Financial Information | F-6  |

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IDT CORPORATION  
PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS  
BASIS OF PRESENTATION  
(unaudited)

The pro forma consolidated balance sheet as of July 31, 2011, and the pro forma consolidated statements of operations for the years ended July 31, 2011, 2010 and 2009, are based on the historical financial statements of the Registrant.

The pro forma condensed balance sheet as of July 31, 2011, is presented as if the disposition of Genie, as described in item 2.01 of this Form 8-K occurred in its entirety on July 31, 2011. As set forth in Item 2.01 of this Form 8-K, as of October 28, 2011 such disposition has been consummated.

The pro forma consolidated statements of operations for the years ended July 31, 2011, 2010 and 2009, are presented as if the disposition of Genie occurred on August 1, 2008. The pro forma consolidated financial statements should be read in conjunction with the historical financial statements and notes related thereto appearing in the Registrant's Form 10-K for the years ended July 31, 2011, 2010 and 2009 and in conjunction with the historical financial statements and notes related thereto appearing in Genie's Information Statement on Form 10 for the years ended July 31, 2011, 2010 and 2009.

Preparation of the pro forma information was based on assumptions considered appropriate by the Registrant's management. The pro forma financial information is unaudited and is not necessarily indicative of the results which would have occurred if the disposition described above had been consummated on August 1, 2008 for the pro forma consolidated statements of operations and on July 31, 2011 for the pro forma consolidated balance sheet, nor does it purport to represent the future financial position and the results of operations for future periods. In management's opinion, all adjustments necessary to reflect the effects of the disposition of Genie have been made.

IDT CORPORATION  
PRO FORMA CONSOLIDATED BALANCE SHEET  
AS OF JULY 31, 2011  
(in thousands)  
(unaudited)

|  | Historical        | Pro forma<br>adjustments | Pro forma         |
|--|-------------------|--------------------------|-------------------|
| <b>ASSETS</b>  |                   |                          |                   |
| <b>CURRENT ASSETS:</b>   |                   |                          |                   |
| Cash and cash equivalents  | \$ 254,253        | \$ (106,000 ) (A)        | \$ 148,253        |
| Restricted cash and cash equivalents   | 6,581             | (164 ) (B)               | 6,417             |
| Certificates of deposit  | 3,542             |                          | 3,542             |
| Trade accounts receivable, net   | 126,270           | (26,124 ) (B)            | 100,146           |
| Prepaid expenses   | 24,078            | (2,157 ) (B)             | 21,921            |
| Deferred income tax assets, net – current portion                            | 1,019             | (1,019 ) (B)             | —                 |
| Other current assets   | 18,691            | (3,001 ) (B)             | 15,690            |
| <b>TOTAL CURRENT ASSETS</b>  | <b>434,434</b>    |                          | <b>295,969</b>    |
| Property, plant and equipment, net   | 90,806            | (335 ) (B)               | 90,471            |
| Goodwill   | 18,675            | (3,663 ) (B)             | 15,012            |
| Other intangibles, net   | 2,661             |                          | 2,661             |
| Investments  | 8,721             |                          | 8,721             |
| Deferred income tax assets, net – long-term portion                          | 1,795             | (1,795 ) (B)             | —                 |
| Other assets   | 11,074            | (1,006 ) (B)             | 10,068            |
| <b>TOTAL ASSETS</b>  | <b>\$ 568,166</b> |                          | <b>\$ 422,902</b> |
| <b>LIABILITIES AND EQUITY</b>  |                   |                          |                   |
| <b>CURRENT LIABILITIES:</b>  |                   |                          |                   |
| Trade accounts payable   | \$ 58,806         | \$ (16,537 ) (B)         | \$ 42,269         |
| Accrued expenses   | 174,092           | (7,474 ) (B)             | 166,618           |
| Deferred revenue   | 78,852            |                          | 78,852            |
| Income taxes payable   | 7,701             | (1,663 ) (B)             | 6,038             |
| Capital lease obligations—current portion                                    | 1,701             |                          | 1,701             |
| Notes—current portion  | 611               |                          | 611               |
| Other current liabilities  | 3,378             | (91 ) (B)                | 3,287             |
| <b>TOTAL CURRENT LIABILITIES</b>   | <b>325,141</b>    |                          | <b>299,376</b>    |
| Notes payable—long-term portion  | 29,564            |                          | 29,564            |
| Other liabilities  | 9,671             | (60 ) (B)                | 9,611             |
| <b>TOTAL LIABILITIES</b>   | <b>364,376</b>    |                          | <b>338,551</b>    |
| Commitments and contingencies  |                   |                          |                   |
| <b>EQUITY:</b>   |                   |                          |                   |
| IDT Corporation stockholders' equity:  |                   |                          |                   |
| Preferred stock, \$.01 par value; authorized shares—10,000; no shares issued | —                 |                          | —                 |
|  | 33                |                          | 33                |

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Class A common stock, \$.01 par value; authorized shares—35,000; 3,272 shares issued and outstanding

Class B common stock, \$.01 par value; authorized shares—200,000; 23,586 shares issued and 21,109 shares outstanding

|  |                   |            |     |                   |
|--|-------------------|------------|-----|-------------------|
|  | 236               |            |     | 236               |
| Additional paid-in capital   | 520,732           | (124,887 ) | (B) | 395,845           |
| Treasury stock, at cost, consisting of 1,698 shares of Class A common stock and 2,477 shares of Class B common stock | (94,941 )         |            |     | (94,941 )         |
| Accumulated other comprehensive income   | 3,027             | (357 )     |     | 2,670             |
| Accumulated deficit  | (219,992 )        |            |     | (219,992 )        |
| <b>Total IDT Corporation stockholders' equity</b>  | <b>209,095</b>    |            |     | <b>83,851</b>     |
| Noncontrolling interests:  |                   |            |     |                   |
| Noncontrolling interests   | (4,305 )          | 4,805      | (B) | 500               |
| Receivable for issuance of equity  | (1,000 )          | 1,000      | (B) | —                 |
| <b>Total noncontrolling interests</b>  | <b>(5,305 )</b>   |            |     | <b>500</b>        |
| <b>TOTAL EQUITY</b>  | <b>203,790</b>    |            |     | <b>84,351</b>     |
| <b>TOTAL LIABILITIES AND EQUITY</b>  | <b>\$ 568,166</b> |            |     | <b>\$ 422,902</b> |

## IDT CORPORATION

PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED JULY 31, 2011  
(in thousands, except per share data)  
(unaudited)

|  | Historical       | Pro forma<br>adjustments | Pro forma        |
|--|------------------|--------------------------|------------------|
| REVENUES   | \$ 1,555,477     | \$ (203,561 ) (C)        | \$ 1,351,916     |
| COSTS AND EXPENSES:  |                  |                          |                  |
| Direct cost of revenues (exclusive of depreciation and amortization)             | 1,269,380        | (149,714 ) (C)           | 1,119,666        |
| Selling, general and administrative  | 237,847          | (33,768 ) (C)            | 204,079          |
| Depreciation and amortization  | 20,976           | (24 ) (C)                | 20,952           |
| Research and development   | 10,676           | (7,843 ) (C)             | 2,833            |
| Severance and other charges  | 1,053            |                          | 1,053            |
| <b>TOTAL COSTS AND EXPENSES</b>  | <b>1,539,932</b> |                          | <b>1,348,583</b> |
| Other operating gains, net   | 6,324            |                          | 6,324            |
| Income from operations   | 21,869           |                          | 9,657            |
| Interest expense, net  | (5,679 )         | 1,974 (C)                | (3,705 )         |
| Other expense (income), net  | (1,857 )         | 5,848 (C)                | 3,991            |
| Income from continuing operations before income taxes                            | 14,333           |                          | 9,943            |
| Benefit from income taxes  | 5,538            | (478 ) (D)               | 5,060            |
| Income from continuing operations  | 19,871           |                          | 15,003           |
| Loss (income) from continuing operations attributable to noncontrolling interest | 3,441            | (4,185 ) (C)             | (744 )           |
| <b>INCOME FROM CONTINUING OPERATIONS ATTRIBUTABLE TO IDT CORPORATION</b>         | <b>\$ 23,312</b> |                          | <b>\$ 14,259</b> |
| Earnings per share attributable to IDT Corporation common stockholders:          |                  |                          |                  |
| Basic:   | \$ 1.13          |                          | \$ 0.69          |
| Diluted:   | \$ 1.04          |                          | \$ 0.63          |
| Weighted-average number of shares used in calculation of earnings per share      |                  |                          |                  |
| Basic:   | 20,565           |                          | 20,565           |
| Diluted:   | 22,482           |                          | 22,482           |





IDT CORPORATION  
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED JULY 31, 2010  
(in thousands, except per share data)  
(unaudited)

|  | Historical       | Pro forma<br>adjustments | Pro forma          |
|--|------------------|--------------------------|--------------------|
| REVENUES   | \$ 1,394,935     | \$ (201,358 ) (C)        | \$ 1,193,577       |
| COSTS AND EXPENSES:  |                  |                          |                    |
| Direct cost of revenues (exclusive of depreciation and amortization)               | 1,110,723        | (143,532 ) (C)           | 967,191            |
| Selling, general and administrative  | 215,858          | (21,181 ) (C)            | 194,677            |
| Depreciation and amortization  | 33,426           | (86 ) (C)                | 33,340             |
| Research and development   | 8,008            | (5,226 ) (C)             | 2,782              |
| Severance and other charges  | 4,841            |                          | 4,841              |
| <b>TOTAL COSTS AND EXPENSES</b>  | <b>1,372,856</b> |                          | <b>1,202,831</b>   |
| Other operating gains, net   | 10,084           |                          | 10,084             |
| Income from operations   | 32,163           |                          | 830                |
| Interest expense, net  | (6,262 )         | 1,723 (C)                | (4,539 )           |
| Other income, net  | 27               | 1,579 (C)                | 1,606              |
| Income (loss) from continuing operations before income taxes                       | 25,928           |                          | (2,103 )           |
| Provision for income taxes   | (5,275 )         | 3,265 (D)                | (2,010 )           |
| Income (loss) from continuing operations   | 20,653           |                          | (4,113 )           |
| Net income attributable to noncontrolling interest                                 | (84 )            | (492 ) (C)               | (576 )             |
| <b>INCOME (LOSS) FROM CONTINUING OPERATIONS ATTRIBUTABLE TO IDT CORPORATION</b>    | <b>\$ 20,569</b> |                          | <b>\$ (4,689 )</b> |
| Earnings (loss) per share attributable to IDT Corporation common stockholders:     |                  |                          |                    |
| Basic:   | \$ \$1.00        |                          | \$ (0.23 )         |
| Diluted:   | \$ \$0.95        |                          | \$ (0.23 )         |
| Weighted-average number of shares used in calculation of earnings (loss) per share |                  |                          |                    |
| Basic:   | 20,451           |                          | 20,451             |
| Diluted:   | 21,546           |                          | 20,451             |

IDT CORPORATION  
PRO FORMA CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED JULY 31, 2009  
(in thousands, except per share data)  
(unaudited)

|   | Historical          | Pro forma<br>adjustments | Pro forma            |
|---|---------------------|--------------------------|----------------------|
| REVENUES  | \$ 1,507,659        | \$ (264,709 ) (C)        | \$ 1,242,950         |
| COSTS AND EXPENSES:   |                     |                          |                      |
| Direct cost of revenues (exclusive of depreciation and amortization)                      | 1,160,121           | (192,550 ) (C)           | 967,571              |
| Selling, general and administrative   | 281,896             | (26,863 ) (C)            | 255,033              |
| Depreciation and amortization   | 47,698              | (118 ) (C)               | 47,580               |
| Bad debt  | 7,122               |                          | 7,122                |
| Research and development  | 9,035               | (6,253 ) (C)             | 2,782                |
| Impairments   | 38,351              |                          | 38,351               |
| Severance and other charges   | 9,332               |                          | 9,332                |
| <b>TOTAL COSTS AND EXPENSES</b>   | <b>1,553,555</b>    |                          | <b>1,327,771</b>     |
| Gain on sale of interest in AMSO, LLC   | 2,598               | (2,598 ) (C)             | —                    |
| Loss from operations  | (43,298 )           |                          | (84,821 )            |
| Interest expense, net   | (2,640 )            | (67 ) (C)                | (2,707 )             |
| Other expense, net  | (32,459 )           | 614 (C)                  | (31,845 )            |
| Loss from continuing operations before income taxes                                       | (78,397 )           |                          | (119,373 )           |
| Benefit from income taxes   | 4,633               | 3,478 (D)                | 8,111                |
| Loss from continuing operations   | (73,764 )           |                          | (111,262 )           |
| Net (income) loss attributable to noncontrolling interest                                 | (485 )              | (20 ) (C)                | (505 )               |
| <b>LOSS FROM CONTINUING OPERATIONS<br/>ATTRIBUTABLE TO IDT CORPORATION</b>                | <b>\$ (74,249 )</b> |                          | <b>\$ (111,767 )</b> |
| Loss per share attributable to IDT Corporation common stockholders:                       |                     |                          |                      |
| Basic and diluted:  | \$ \$(3.30 )        |                          | \$ (4.96 )           |
| Weighted-average number of shares used in calculation of basic and diluted loss per share | 22,542              |                          | 22,542               |

IDT CORPORATION  
NOTES AND MANAGEMENT'S ASSUMPTIONS  
TO THE PRO FORMA CONSOLIDATED FINANCIAL STATEMENTS  
(Unaudited)

1. The following is a description of the pro forma adjustments to the historical consolidated financial statements:
  - (A) Reflects the (i) the removal of \$23.9 million of cash of Genie, (ii) The repayment by IDT of the \$5.2 million due from IDT, and (iii) the transfer of \$82.1 million in cash to Genie. These assumed transactions were such that Genie's total pro forma cash balance was approximately \$106 million as of July 31, 2011.
  - (B) Reflects the removal of assets, liabilities, noncontrolling interests and accumulated other comprehensive income of Genie as if the spinoff was consummated on July 31, 2011.
  - (C) Reflects the removal of the results of operations of Genie as if the spinoff was consummated on August 1, 2008.
  - (D) Reflects adjusted provision for income taxes as if the spinoff was consummated on August 1, 2008 and Genie was not part of the consolidated federal income tax returns.

SIGNATURES

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

IDT  
CORPORATION

By: /s/ Howard  
S. Jonas  
Name:  
Howard S.  
Jonas  
Title:  
Chairman  
and Chief  
Executive  
Officer

Dated: November 3, 2011

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EXHIBITS INDEX

| Exhibit<br>Number | Document  |
|-------------------|---|
| 99.1              | Press Release issued by Registrant, dated October 31, 2011. |