Operating out of the red 1965 Chevrolet shown in the foreground, IDT’s predecessor begins business with three employees distributing tourism brochures.

Revenue $22,351
Cash $1,730
Employees 3
Debt $0

From delivering brochures in a ‘65 Chevy wagon to the Forbes 500 in just 30 years — Only in America!

Now, headquartered in New Jersey’s landmark skyscraper, IDT achieves profitable leadership in numerous telecom and media businesses including, of course, tourism brochure distribution.

Revenue $1.8 Billion
Cash $1.0 Billion
Employees 4,000
Debt $0
IDT is a leading provider of retail and wholesale telecommunications services, using its own network infrastructure to route calls worldwide. By launching innovative products and services, creating global business alliances, improving on existing businesses, and developing new ones, IDT is changing how people communicate. At age 33, IDT’s Chairman, Howard Jonas, pioneered a call re-origination industry known as “callback.” In addition, it was IDT that developed Net2Phone, today’s leading provider of Internet telephony, along with other innovative telecom and Internet-related businesses.

Today, with IDT’s global switching facilities and fiber optic network, IDT is international in scope, generating annual revenues over $1.8 billion, and providing more than 16 billion annual telecom minutes of use. IDT has established a worldwide presence, employing approximately 4,000 people in 17 countries.

IDT operates through four divisions:

**IDT Telecom** operates calling card, wholesale carrier and consumer long distance businesses. IDT Telecom sold over 240 million calling cards worldwide in Fiscal 2003.

**IDT Solutions**, formally known as “Winstar,” provides local, long distance and Internet service to businesses and government agencies using its state-of-the-art fixed wireless technology.

**Net2Phone** is a leading provider of Voice over Internet Protocol (VoIP) service to customers worldwide. Net2Phone has, in addition, recently developed a platform for delivering residential phone service over cable television systems.

**IDT Media** comprises five primary business lines: 3-D animation, brochure distribution, radio, customer contact centers, and corporate digital video services. With several acquisitions completed in Fiscal 2003, IDT Media has made a name for itself in the world of animation.

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**About the cover**

In 1974, Howard Jonas formed a brochure distribution business which operated out of the 1965 Chevrolet shown on the cover of this report. Mr. Jonas had three employees, $1,730 cash, no debt, and annual revenues of $22,351.

IDT was founded in 1990. IDT has won several awards including, in 2001, selection to the Forbes 500 sublist of the most profitable U.S. corporations. IDT’s revenues in Fiscal 2003 were $1.8 billion and its cash resources were $1 billion. IDT has no bank debt and employs approximately 4,000 people.
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    A tradition of integrity
# Nine Year Financial History

Dollars in millions, except per share items

<table>
<thead>
<tr>
<th>Years Ending</th>
<th>Jul-03</th>
<th>Jul-02</th>
<th>Jul-01</th>
<th>Jul-00</th>
<th>Jul-99</th>
<th>Jul-98</th>
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<tbody>
<tr>
<td>Telecom Minutes Billed (Millions)</td>
<td>16,460.1</td>
<td>11,776.0</td>
<td>7,049.6</td>
<td>4,244.6</td>
<td>2,772.3</td>
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<tr>
<td><strong>Revenues</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Telecom</td>
<td>1,233.2</td>
<td>1,121.7</td>
<td>816.4</td>
<td>502.5</td>
<td>395.5</td>
<td>137.2</td>
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<td>Wholesale Telecom</td>
<td>405.5</td>
<td>289.3</td>
<td>388.1</td>
<td>520.5</td>
<td>289.0</td>
<td>166.7</td>
</tr>
<tr>
<td>Media/Ventures</td>
<td>27.6</td>
<td>21.3</td>
<td>26.4</td>
<td>14.8</td>
<td>16.9</td>
<td>20.0</td>
</tr>
<tr>
<td>IDT Solutions</td>
<td>87.6</td>
<td>79.6</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net2Phone</td>
<td>80.8</td>
<td>71.9</td>
<td>*</td>
<td>56.1</td>
<td>30.7</td>
<td>11.5</td>
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<tr>
<td>Total Revenues</td>
<td>1,834.5</td>
<td>1,583.8</td>
<td>1,230.9</td>
<td>1,093.9</td>
<td>732.2</td>
<td>335.4</td>
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<tr>
<td><strong>Income (Loss) from Operations (Before Impairment Charges and Other)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retail Telecom</td>
<td>91.0</td>
<td>63.0</td>
<td>(34.1)</td>
<td>(11.5)</td>
<td>12.3</td>
<td>1.0</td>
</tr>
<tr>
<td>Wholesale Telecom</td>
<td>(26.1)</td>
<td>(23.0)</td>
<td>(69.5)</td>
<td>(8.4)</td>
<td>12.6</td>
<td>9.5</td>
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<tr>
<td>Telecom Total</td>
<td>64.9</td>
<td>34.0</td>
<td>(103.6)</td>
<td>(19.9)</td>
<td>24.9</td>
<td>10.5</td>
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<tr>
<td>Media/Ventures</td>
<td>(9.1)</td>
<td>(20.9)</td>
<td>(66.3)</td>
<td>(39.1)</td>
<td>(8.2)</td>
<td>(7.0)</td>
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<tr>
<td>IDT Solutions</td>
<td>(84.3)</td>
<td>(96.6)</td>
<td></td>
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<tr>
<td>Corporate</td>
<td>(48.8)</td>
<td>(26.5)</td>
<td>(63.5)</td>
<td>(31.7)</td>
<td></td>
<td></td>
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<tr>
<td>Net2Phone</td>
<td>(40.9)</td>
<td>(72.9)</td>
<td>*</td>
<td>(125.9)</td>
<td>(24.4)</td>
<td>(2.7)</td>
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<tr>
<td>Total Income (Loss) from Operations (Before Impairment Charges and Other)</td>
<td>(118.1)</td>
<td>(182.8)</td>
<td>(233.4)</td>
<td>(216.6)</td>
<td>(7.7)</td>
<td>0.8</td>
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<tr>
<td>Impairment Charges and Other</td>
<td>44.7</td>
<td>(257.5)</td>
<td>(199.4)</td>
<td>0.0</td>
<td>0.0</td>
<td>0.0</td>
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<tr>
<td>Interest and Other Income (Expense)</td>
<td>28.8</td>
<td>8.2</td>
<td>1,180.2</td>
<td>609.5</td>
<td>(3.3)</td>
<td>(0.3)</td>
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<tr>
<td>Minority Interests</td>
<td>(44.2)</td>
<td>151.4</td>
<td>(5.7)</td>
<td>59.3</td>
<td>3.3</td>
<td>(3.9)</td>
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<tr>
<td>Income Taxes</td>
<td>70.4</td>
<td>124.3</td>
<td>(209.4)</td>
<td>(218.4)</td>
<td>(7.3)</td>
<td>2.5</td>
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<td>Extraordinary Item/Change in Accounting</td>
<td>0.0</td>
<td>(147.0)</td>
<td>0.0</td>
<td>(3.0)</td>
<td>(3.3)</td>
<td>(0.1)</td>
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<tr>
<td>Net Income (Loss)</td>
<td>(18.5)</td>
<td>(303.3)</td>
<td>532.4</td>
<td>230.8</td>
<td>(18.2)</td>
<td>(1.0)</td>
</tr>
<tr>
<td>Per Common Share</td>
<td>($0.23)</td>
<td>($4.04)</td>
<td>$7.79</td>
<td>$3.30</td>
<td>($0.27)</td>
<td>($0.02)</td>
</tr>
<tr>
<td>Cash Flow from Operations</td>
<td>44.4</td>
<td>(34.4)</td>
<td>26.2</td>
<td>(77.1)</td>
<td>(18.3)</td>
<td>30.6</td>
</tr>
<tr>
<td>Purchases of Property, Plant &amp; Equipment</td>
<td>59.0</td>
<td>49.0</td>
<td>106.5</td>
<td>101.2</td>
<td>48.1</td>
<td>41.3</td>
</tr>
<tr>
<td>Investments and Acquisitions, Net of Cash Acquired</td>
<td>16.6</td>
<td>91.4</td>
<td>73.7</td>
<td>38.8</td>
<td>10.7</td>
<td>0.0</td>
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<tr>
<td><strong>Year End Position</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and Marketable Securities</td>
<td>1,020.8</td>
<td>1,100.0</td>
<td>1,094.6</td>
<td>393.0</td>
<td>130.8</td>
<td>175.6</td>
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<tr>
<td>Working Capital</td>
<td>762.9</td>
<td>853.4</td>
<td>915.4</td>
<td>347.9</td>
<td>179.4</td>
<td>166.4</td>
</tr>
<tr>
<td>Total Assets</td>
<td>1,738.3</td>
<td>1,777.7</td>
<td>1,881.6</td>
<td>1,219.1</td>
<td>515.3</td>
<td>417.2</td>
</tr>
<tr>
<td>Long Term Debt and Capital Lease Obligations</td>
<td>47.4</td>
<td>48.1</td>
<td>50.2</td>
<td>56.1</td>
<td>128.7</td>
<td>113.1</td>
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<tr>
<td>Stockholders’ Equity</td>
<td>897.3</td>
<td>869.8</td>
<td>1,076.2</td>
<td>468.2</td>
<td>253.4</td>
<td>238.7</td>
</tr>
<tr>
<td>Per Common Share</td>
<td>$10.94</td>
<td>$10.96</td>
<td>$14.97</td>
<td>$7.57</td>
<td>$3.73</td>
<td>$3.61</td>
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<tr>
<td>Common Shares Outstanding (Millions)</td>
<td>82.0</td>
<td>79.4</td>
<td>71.9</td>
<td>61.9</td>
<td>68.0</td>
<td>66.2</td>
</tr>
<tr>
<td>Options Outstanding</td>
<td>18.4</td>
<td>16.4</td>
<td>19.0</td>
<td>13.3</td>
<td>7.2</td>
<td>6.4</td>
</tr>
<tr>
<td>Employees</td>
<td>3,805</td>
<td>2,587</td>
<td>1,660</td>
<td>1,280</td>
<td>1,271</td>
<td>712</td>
</tr>
</tbody>
</table>

*Net2Phone was not consolidated in Fiscal 2001. It was reconsolidated on Oct. 23, 2001 (during the first quarter of Fiscal 2002). The impact of IDT’s stake in Net2Phone is one of the items contributing to Interest and Other Income (Expense) during the period when it was not consolidated.

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<tbody>
<tr>
<td>Introduced international call reorigination</td>
<td>Introduced wholesale telephone service</td>
<td>Announced breakthrough allowing worldwide PC to telephone calls</td>
<td>IPO of IDT on NASDAQ</td>
</tr>
</tbody>
</table>
Telecom is IDT’s largest business. Minutes billed have grown at an explosive average rate of more than 50% for the last four fiscal years, driving double-digit telecom revenue growth, despite a very challenging pricing environment. In Fiscal 2003, IDT Telecom doubled its prior fiscal year’s operating profits, setting a company record.

Consolidated revenues increased 16% in Fiscal 2003. Most of the growth can be attributed to IDT Telecom.

A key financial goal since early Fiscal 2001 has been to maintain growth while preserving the substantial cash position, which stands at $12.45 per share.
Dear Shareholder:

The cover picture of this annual report hangs outside my office at IDT. I love it because it sums up the accomplishments of 30 years of effort.

In 1974, I ran a business whose only revenues came from delivering brochures out of the back of a beat-up old 1965 Chevy Impala station wagon. Sixteen years later, IDT emerged from that tourism-based business and entered the telecommunications industry. As we approach the start of 2004, I have the pleasure of reporting to you on a company that ranks among the Fortune 1000, trades on the New York Stock Exchange, boasts approximately 4,000 employees and is on a profitable run rate with revenues approaching $2 billion.

The picture symbolizes more than just the rise of IDT. It symbolizes the American Dream, alive and well despite the general turmoil and economic turbulence of the past five years.

Others in our position might lose themselves in reminiscing. Here at IDT we feel exactly the opposite: these reflections stir us to new and greater endeavors.

Think of it this way: if, with little cash, few resources, and a staff of 3, we could build a billion-dollar company, then imagine what we can build now, with a talented management team, over a billion dollars in cash, effectively no debt, dedicated employees, and technological leadership in every industry in which we compete.

In two critical ways, IDT has never changed. We continue to dream great dreams, and we pursue those dreams with the same passion that we brought to this business in the beginning.

Dreams, of course, mean work. I drive a slightly newer Ford station wagon these days, but we’re still working tirelessly to bring this company to the next great leap forward. I hope you’ll be along for the ride.

Howard S. Jonas
Chairman of the Board
Dear Shareholder:

As I write this letter, a parade of executives are standing trial in civil and criminal courts for their roles in the numerous tales of corporate greed, arrogance and scandal that have become all too familiar. The collapse of the companies that they built and ultimately betrayed underscores what we at IDT have long known: markets without morals cannot sustain themselves.

At IDT, we have often been taken to task for rejecting cosmetic changes and artificial programs that would enhance our market appeal. We have consistently met these charges by maintaining that good governance and integrity are, in the long run, better for our company and for our shareholders.

Analysts pushed us to sacrifice the long-term health of the company in order to outperform short-term, “quarter by quarter” targets. We refused, preferring to build solid businesses.

Institutional investors urged us to commit our considerable resources to extensive acquisitions. We declined, continuing our focus on value and our belief that our cash reserves do not give us license to spend foolishly.

Wall Street told us to incur huge capital expenditures to build infrastructure before the business need for these systems existed. We chose instead to engage in cost-effective, conservative infrastructure plans, only building enough capacity for our real business needs.

And when investment bankers encouraged us to take on significant debt loads to leverage our cash reserves, we refused.

Yes, at IDT, we have long marched to our own beat, despite the criticism of many analysts, managers, and investment banks. We have been right.

That is why it is a pleasure for me to report to you on IDT: a company with approximately 4,000 employees, and a commitment to help them grow and develop. A company with annual revenues of $1.8 billion, and a soup kitchen that distributes free meals to hundreds of homeless and low-income individuals a day. A company that generated over 16 billion minutes of traffic, and a cornerstone of a local community redevelopment campaign. A company with a balance sheet reflecting more than $1 billion in cash that doesn’t believe it has the right to squander that money. A company that has not only the business sense, but the moral sense of where it wants to go and the commitment to get there.

James A. Courter

Vice Chairman and CEO

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<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>Acquired InterExchange Inc, operator of the premier international calling card platform</td>
<td>Acquired controlling interest in Union Telecard Alliance, LLC</td>
<td>Launched second Nortel carrier-class switch</td>
<td>Completed UK switching facility</td>
</tr>
</tbody>
</table>
What has IDT accomplished this year?

Howard: We more than doubled the operating income of IDT Telecom, our largest business, on a 16% revenue increase — in contrast to most of our largest competitors. Our other big operating achievement involves our animation business which, in its first full year of operation, built a pipeline containing three feature films in planning and production (two of which we own), three direct-to-video projects (in which we have equity stakes) and TV animation for hire at a rate of over $20 million per annum. We are looking forward to great things from our animation operations.

Jim: We achieved this growth while preserving our billion dollars in cash and equivalents. In addition, we’re in the black for Q4 this fiscal year, and we are poised to deliver much stronger earnings going forward with minimal debt.

Where’s the focus? What does animation have to do with telecom?

Howard: We’re about more than routing minutes – we’re always innovating. Our corporate culture is strongly entrepreneurial, and we would argue that that’s a virtue. So we usually have a few small businesses incubating. Our biggest single gain, remember, came from capitalizing on our Voice over Internet Protocol technology (Net2Phone).

Jim: Does animation have anything to do with telecom? For IDT it does. Our animation business uses IDT’s backbone for secure, reliable connections to its animators around the world. There used to be a rather stark choice for producers of animated entertainment: very high costs to maintain Hollywood studios, or a significant loss of control of production values to send work abroad to reduce costs. We have invented a “third way” that reduces costs while preserving quality. It is the very connection between animation and telecom that enabled us to do this.

Most of the other telecom companies seem to be struggling. Why not IDT?

Howard: One of the keys to our success is our ability to find underserved markets where we can achieve an advantage. For example, we got into our largest business, prepaid calling cards, because we found a growing population that...
was very interested in international calling, but was mostly unable to qualify for home long-distance phone service as offered by the established phone companies. These are now our customers, and on a daily basis we work to keep their business.

Jim: We have devoted resources to creating advantages in our niches. We’ve spent more than probably anyone else on analyzing our international traffic. And we have saved compared with most of the industry by not over-buying expensive network elements. We’re trying to arrange things so that we’re hard to beat and in many cases we’re succeeding.

What is exciting now in Telecom?

Howard: I am excited about our strategy of aggressively marketing our wholesale carrier services to PTTs (foreign national carriers) all over the world. In 2003, that strategy has borne fruit, with IDT Telecom more than doubling its PTT customer base. We have just begun to develop our customer base in Asia and Africa. In addition, we have been carefully managing our revenue and cost per minute, as well as our capacity, to squeeze the most profit from our wholesale minutes.

Jim: Also, we’re forging new ground in the U.S. as well with what we call our “private label” cards. The biggest difference between these cards and our other U.S. calling cards is the new channel of distribution: retail chains. As we succeed with this business we can reach an additional group of customers that are new to us. We announced our first major contract, with Walgreens, last December. The new business is going well, and we’re still excited about its prospects.

What about IDT Solutions?

Jim: IDT Solutions has been a special case. The key is reducing costs, for instance by integrating the Winstar network with the IDT network, continuing to put building blocks into place like upgraded management information systems and billing systems, and working harder to realize IDT Solutions’ considerable business potential as a low-cost, high-quality solution for businesses that is not constrained by the incumbent local telecom’s pricing or its lines.

We’re hearing a lot about cable telephony. Will you benefit from this development?

Howard: In a word, yes. Net2Phone is offering cable operators an outsourced, managed platform to deliver residential phone service to its subscribers. Net2Phone has already carried its millionth cable telephony voice minute over the cable network of Liberty Cablevision of Puerto Rico, a subsidiary of Liberty Media. Net2Phone is aggressively promoting this product, and we hope to have additional important announcements in the near term.
Overview

IDT Telecom is one of the largest carriers of international voice traffic, generating $1.5 billion of revenue last year from international calls. This put it in the top handful of companies carrying phone calls across international borders. Three-quarters of telecom revenues were generated by retail traffic, including calling cards and consumer long distance service. The remaining telecom revenues came from the company’s growing wholesale business, in which it carries calls for other phone companies.

IDT Telecom processes well over 1.5 billion minutes each month, as many as 70 million in a single day. The IDT network comprises some 220 switches, including 7 international gateway switches, and a backbone of owned and leased fiber optic lines, including space on 14 undersea fiber-optic cables that connect worldwide operations and interconnect with third-party facilities in Europe, Latin America and Asia. IDT has invested in its network when existing traffic justified the investment and, unlike competitors, did not invest based on wildly optimistic projections that never came to fruition.
Wholesale Carrier

IDT Telecom is recognized in the industry as the most aggressive, flexible and quality-driven company in the wholesale carrier arena. The company has built its own automated routing systems that continuously adjust to changing market conditions. Consequently, IDT Telecom is able to offer both high quality and competitive prices to its wholesale customers. Utilizing its flexible and least-cost traffic routing system, IDT Telecom provides major carriers and niche carriers alike with rates that the company believes are often lower than those available from its more established competitors. In the past year, IDT Telecom nearly doubled the number of direct relationships with large foreign phone companies. Also, it has broadened its wholesale carrier service offerings to include a higher priced service with higher quality connections guaranteed.

Much of IDT Telecom’s success in the wholesale business is due to its focus on niche markets such as South America and the Caribbean. In Fiscal 2003, it expanded into Eastern Europe, opening an office in Prague. In Asia and the subcontinent, the company is making inroads and during the last year routed over 3.5 billion minutes there.

IDT Telecom billed more than 16 billion minutes in Fiscal 2003. That’s over 31,000 simultaneous phone calls every minute of every day. IDT Telecom’s revenues were over $1.6 billion, and gross profits grew 15% to $372 million. Retail business is considerably larger than its wholesale. However, the wholesale operation, in addition to its own sales, provides the “back end” of delivering all of IDT Telecom’s minutes.
IDT Telecom is one of the largest prepaid calling card companies in the world. Worldwide, IDT Telecom sells more than 450 cards per minute, generating over $1 billion of revenue in Fiscal 2003. At any given time, it manages over 80 million active calling cards, and activates over 18 million new cards each month. IDT’s international rates for calling card customers are extremely competitive. For example, no-fee calls from the U.S. to Mexico are 9.8 cents a minute, about half of the rate charged by the largest U.S. long distance companies. Calls to Poland are 2.5 cents a minute, 85% cheaper than the rate of the largest U.S. carriers.

In the U.S., IDT Telecom also distributes private label cards, which bear a business customer’s name and logo. Some companies sell these cards under their own brand. Others give them away as promotions or use them for employee travel. The private label group made significant inroads in 2003, and IDT Telecom is now the exclusive calling card provider for Walgreens, Barnes & Noble College Bookstores, Drug Fair, and Cost Cutters.

IDT Telecom made a name for itself in the consumer long-distance market by offering 5¢ a minute domestic long distance service and billing in six-second increments instead of one-minute rounding. In addition, customers save on international calls with its WorldSaver plan, enjoying rates as low as 5¢ a minute to Canada and 7¢ a minute to many countries in Western Europe.

IDT Telecom recently launched IDT America Unlimited, a flat rate unlimited local, regional and long distance calling plan, with caller ID, speed dial, call waiting and three-way calling for just $39.95 a month. IDT Telecom currently offers this service in New York, New Jersey, Pennsylvania and Maryland, and plans to make it available to the rest of the country soon.
Sept. 2002
Acquired nationwide fiber capacity from bankrupt Star Telecommunications, Inc.

Dec. 2002
Selected as the exclusive prepaid calling card provider to Walgreens Co., the nation’s largest drugstore chain

Calling cards account for two thirds of IDT Telecom’s revenues. In Fiscal 2003, Consumer Phone Service accounted for an increasing proportion of revenues and gross profits.
Net2Phone is a leading provider of Voice over Internet Protocol, or VoIP, telephony services. Since it began operations in 1995 as a division of IDT, it has evolved from a pioneer in developing PC-to-telephone calling services over the Internet to a next generation provider of high-quality voice and enhanced telecommunication services throughout the world, including cable telephony services. Since 1996, Net2Phone has carried over 5 billion VoIP minutes worldwide. Net2Phone operates through two wholly owned subsidiaries:

Net2Phone Global Services delivers VoIP telephone services to businesses and consumers in over 200 countries through its global distribution network of over 450 resellers, capitalizing on the growth, quality, flexibility and cost advantages of VoIP technologies.

Net2Phone Cable Telephony, taking advantage of Net2Phone's experience and leadership in VoIP services, has developed the first fully outsourced VoIP service offering that enables cable operators to provide VoIP-based residential telephone services. Net2Phone Cable Telephony works with cable operators to deploy an integrated, tested and operational telephony service, including customized operations support systems, network interfaces, carrier interconnects, telecommunications methods and procedures and real-time service assurance, including 24 x 7 network operations center support.

Jan. 2003
Acquired Global One’s prepaid calling card business from France Telecom

March 2003
Acquired the rights to never-before-seen projects by Gene Roddenberry, including “Gene Roddenberry’s Starpoint Academy” and “Gene Roddenberry’s Char”
IDT Solutions delivers voice and broadband services over the crucial “last mile” to commercial and government office buildings in the largest U.S. markets. Using its distinctive fixed wireless network, IDT Solutions is a cost-effective alternative to the terrestrial-based telecommunications providers.

IDT Solutions offers a full suite of voice, Internet and data services—from the simplest telephone service to more complex services like Centrex, T-1 trunks, and ISDN-PRI. IDT Solutions’ highly reliable Internet and data services include Frame Relay, VoIP, and Metro Private Line. IDT Solutions also offers high-quality audio conferencing.

The majority of IDT Solutions’ customers subscribe to its Business Essentials package (and many take additional services as well). Business Essentials provides all the advantages of lower cost long distance rates without paying extra for a dedicated T-1 access line. Applications and services include everything from advanced local calling features and conferencing to Internet access and Web hosting. Its rates, including international, intrastate and interstate long distance, are very low.

IDT Solutions’ unique facilities-based hybrid network of fixed wireless and fiber-optics also offers the ideal service platform to establish a strong business continuity plan. IDT Solutions’ network is designed to deliver the ultimate level of diversity and access to a wide range of voice and data services.

With the integration of the Winstar network and the IDT network, along with other cost cutting measures in Fiscal 2003, IDT Solutions has significantly reduced its expenses and will seek to continue to do so in the future.

May 2003

Acquired a controlling interest in Film Roman, Inc., a leading independent animation company known for its production work on animated television programs including “King of the Hill” and “The Simpsons.”

May 2003

Debuted IDT Connect, a new conference calling service for business and consumers.
IDT Media consists of a growing animation business, Digital Production Solutions (DPS); a brochure distribution business, CTM Brochure Display; a radio division combining Talk America Radio Network ("Talk America") with WMET 1150 AM in Washington D.C.; IDT Contact Services, IDT Media’s new call center initiative; and OTV, a corporate digital media service.

With several major acquisitions announced in Fiscal 2003, DPS has grown into a significant player in the global animation industry. DPS produces high-quality 3-D animation at cost-effective prices by employing its proprietary platform that allows animators from around the world to collaborate on a single project with real-time monitoring. Through its acquired companies, DPS is producing such high-profile shows as The Simpsons, King of the Hill, and X-Men (the animated series). DPS has one feature film in production and two other projects in development, as well as several direct-to-video projects.

Brochure display and distribution is an inexpensive and extremely efficient medium for promoting businesses to travelers and business personnel. Twelve million people each month actively select and read brochures from CTM’s 10,000 display stands in hotels, office buildings, sport shops, airports and other high traffic locations. The company has found that approximately 65% of those who see a display stand actively stop and pick up a brochure.

June 2003
Digital Production Solutions animates Cabbage Patch Kids for 4Kids Entertainment

June 2003
Named exclusive calling card provider for Barnes and Noble College Bookstores
Talk America syndicates a broad variety of original talk radio content to over six million weekly listeners throughout the nation. Among Talk America’s hosts is Mort Crim, whose features are heard on 1,350 stations, including major markets. WMET 1150 AM is a 1,000-watt station now under expansion to 50,000 watts. This upgraded daytime signal will blanket metropolitan Washington, D.C., the nation’s eighth-ranked radio market. WMET will serve as a platform for Talk America’s influential programming, setting the agenda in our nation’s capital.

IDT Contact Services is a new business unit that manages and provides call center services to IDT and to external clients. Operating from six centers in several U.S. and international time zones, IDT Contact Services’ 825 agents already handle about 16,000 calls a day for IDT and approximately the same number for outside clients.

OTV is developing a system for the distribution of digital media on corporate networks. OTV will allow large businesses, as well as governmental and educational institutions, to deliver to their networked desktops live or stored content developed by third-party vendors, like cable television, or developed internally. OTV will save enterprises money by allowing them to visually communicate with and educate their employees in their various locations with very low infrastructure costs.

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<th>July 2003</th>
<th>Sept. 2003</th>
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<td>Entered into a joint venture with Vanguard Animation to co-produce and co-own all of Vanguard Animation’s properties</td>
<td>Named the exclusive provider of calling cards for Community Distributor's Drug Fair and Cost Cutters' 52 retail stores located throughout New Jersey</td>
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Corporate Governance

IDT’s management, with oversight from the Board of Directors, enforces policies established to ensure adherence to the highest standards of corporate conduct. The Board of Directors brings experience and independence to the governance of IDT, and takes an active and direct role in ensuring that management is acting responsibly in building our businesses.

Our Board of Directors is comprised of individuals of achievement and integrity, people with stellar reputations who are willing to stake those reputations on what they accomplish with IDT. Our Board of Directors has adopted a strict set of Corporate Governance Guidelines. Pursuant to these guidelines, for example,

- a majority of the Board of Directors is composed of outside directors, independent of IDT and its management,
- the outside directors are required to meet separately in addition to attending meetings of the full Board of Directors,
- the Board’s Audit Committee, Corporate Governance Committee, and Compensation Committee are composed solely of outside directors, and
- the outside directors have complete access to senior management and to all independent advisors to IDT.

IDT’s Corporate Governance Guidelines, its Code of Business Conduct and Ethics, and its Code of Ethics for Certain Executive Officers can be viewed on our Website, www.idt.net. The Codes of Ethics set out, in clear language, the high values, morals and ethics we expect of each of our directors, officers and employees.

We firmly believe that good governance is good business.
Board Membership

IDT Corporation

Chairman of the Board: Howard S. Jonas, Founder of IDT Corporation and Jonas Publishing Corp.

Management Directors: James A. Courter, Stephen R. Brown, Moshe Kaganoff, Marc E. Knoller, Joyce J. Mason

Independent Directors
- Warren Blaker, Professor, Fairleigh Dickinson University; Former CEO of University Optical Products, Inc.
- Rudy Boschwitz, Chairman of the Advisory Committee of the Center for Global Food Issues; Former U.S. Senator.
- Saul K. Fenster, President Emeritus of the New Jersey Institute of Technology.
- James S. Gilmore, III, Partner, Kelley Drye and Warren LLP; Former Governor of Virginia.
- Jack Kemp, Former 9-term U.S. Congressman; Former Secretary of Housing & Urban Development.
- Michael J. Levitt, Chairman of Stone Tower Capital LLC; Former Partner, Hicks, Muse, Tate & Furst, Inc.
- William A. Owens, Vice Chairman of the Board and Co-Chief Executive Officer of Teledesic LLC; Former Vice Chairman of the Joint Chiefs of Staff.
- William F. Weld, Principal, Leeds Weld & Co.; Former Governor of Massachusetts.

IDT Telecom, Inc.

Chairman of the Board: Howard S. Jonas, Founder of IDT Corporation and Jonas Publishing Corp.

Management Directors: James A. Courter, Morris Lichtenstein, Jonathan Levy, Kathleen Timko

Independent Directors
- William S. Cohen, Chairman and CEO of The Cohen Group; Former Secretary of Defense.
- Muni Figueres, Writer on Economics and Politics; Former External Relations Advisor of the Inter-American Development Bank and Costa Rican Minister for Foreign Trade.
- Vito Spitaleri, Financial Advisor; Former Vice President and Treasurer of Mars, Inc.

IDT Media, Inc.

Chairmen of the Board: Howard S. Jonas, Stephen R. Brown

Management Directors: James A. Courter, Mitchell Burg, Jonathan Reich

Independent Directors
- Merv Adelson; Founder of Lorimar Telepictures.
- Rabbi Irwin Katsof, Executive Director of the Jerusalem Fund of Aish HaTorah.
- Roberto Muller, President and CEO of The Muller Sports Group; Former President of Reebok International; Founder of PONY Sports & Leisure.
- Harvey Schiller, Chairman and CEO of YankeeNets, LLC; Former VP, Sports Programming, Turner Broadcasting System; Former President of Turner Sports, Inc., a division of Time Warner.
- Pete Wilson; Former Governor of California; Former U.S. Senator; Former Mayor of San Diego.

Winstar Holdings, LLC

Chairman of the Board: Howard S. Jonas, Founder of IDT Corporation and Jonas Publishing Corp.

Management Managers: James A. Courter, E. Brian Finkelstein, Geoffrey Rochwarger, Stephen M. Greenberg

Independent Managers
- Claire Calandra, President of the CLC Group; Former EVP and COO of TyCom Ltd., VP and General Counsel for Tyco Submarine Systems Ltd.; Former Chief Counsel for AT&T General Business Systems.
- Jacob J. Lew, EVP and Professor at New York University; Former Director of the U.S. Office of Management and Budget.
- George Rupprecht, President of the International Rescue Committee; Former President of Columbia and Rice Universities.
- Howard Safir, Chairman and CEO of SafirRosetti; Former New York City Police Commissioner.
- Herbert H. Tate, Of Counsel, Wolff & Sarnoff, P.A.; Former President of the N.J. Board of Public Utilities.
Net2phone, Inc.

Chairman of the Board: Howard S. Jonas, Founder of IDT Corporation and Jonas Publishing Corp.


Independent Directors

- Stephen Goldsmith, Special Advisor to President Bush; Sr. VP for e-Government and Strategic Initiatives with Affiliated Computer Services; Faculty Director for Innovations in American Government at Harvard’s Kennedy School of Government; Chairman of the Corporation for National and Community Service.
- Jesse King, COO, Daniels Fund; Former Operations Manager for Rockefeller Foundation’s Next Generation Leadership Program and The Philanthropy Workshop.
- Harry McPherson, Chairman, Verner, Liipfert, Bernhard, McPherson and Hand; Former Chairman of the U.S. International Cultural and Trade Center Commission.
- James R. Mellor, Chairman, USEC, Inc.; Former Chairman and CEO of General Dynamics.
- Marc Oppenheimer, Vice Chairman of Crystallex International Corporation.
- Dan Schulman, CEO, Virgin Mobile USA, LLC; Former President and COO of Priceline.com; Former President of the AT&T Consumer Markets Division and of AT&T WorldNet Service.
- Dr. Michael Weiss, Associate Clinical Professor of Ophthalmology at Columbia College of Physicians and Surgeons; Director of Uveitis Service at the Edward S. Harkness Eye Institute.
- Tony Werner, Chief Technology Officer, Liberty Media; Former CEO of Aurora Networks; Former CTO for AT&T Broadband.

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Management

IDT Corporation

- Howard S. Jonas, Chairman of the Board
- James A. Courter, Chief Executive Officer and Vice Chairman
- Ira A. Greenstein, President
- Stephen R. Brown, Chief Financial Officer and Treasurer
- Marcelo Fischer, Chief Accounting Officer and Controller
- Joyce J. Mason, Senior Vice President, General Counsel and Secretary
- Moshe Kaganoff, Executive Vice President of Strategic Planning

IDT Telecom, Inc.

- Morris Lichtenstein, Chief Executive Officer and Treasurer
- Norman Rosenberg, Chief Financial Officer
- Yona Katz, Chief Operating Officer
- Avi Sokar, Chief Information Officer
- Jonathan Levy, President of Carrier Wholesale and Sales Strategy
- Kathleen Tinko, Chief Technology Officer
- Keith Mendelson, Executive Vice President of Retail Operations
- Robert Schwartz, Executive Vice President of Corporate Development
- John S. Ward, Executive Vice President of Marketing
- Marc Bodner, Executive Vice President of European Operations
- Jack Lerer, Executive Vice President of International Business
- Anthony Davidson, Executive Vice President of Commercial Operations
- Ely D. Tendler, Secretary

IDT Media, Inc.

- Mitchell Burg, Chief Executive Officer
- Marc E. Knoller, President and Chief Operating Officer
- Jerrold Rapaport, Executive Vice President, Strategic Planning, Secretary
- Larry Wiseman, Executive Vice President, Business Development
- Morris Berger, Executive Vice President of Animation Division
- Trang Nguyen, Chief Operating Officer of Talk America Radio Network

Winstar Holdings, LLC

- E. Brian Finkelstein, Chief Executive Officer
- Geoffrey Rochwarger, Chief Operating Officer
- Bill Pereira, Chief Financial Officer
- Dennis Huber, Executive Vice President of Engineering
- Gene Grieco, Senior Vice President and General Counsel

net2phone

- Stephen M. Greenberg, Vice Chairman and Chief Executive Officer
- Arthur Dubroff, Chief Financial Officer
- Glenn Williams, Executive Vice President of Business and Legal Affairs, Secretary
- Bruce Shoulson, General Counsel
- Jonathan Reich, Chief Executive Officer of Net2Phone Global Services, LLC
- Bryan Wiener, President of Net2Phone Global Services, LLC
- Michael Pastor, President of Net2Phone Cable Telephony, LLC
- Jeff Goldberg, Chief Scientist of Net2Phone Cable Telephony, LLC
Headquarters

IDT Corporation
520 Broad Street
Newark, New Jersey 07102
www.idt.net

Board of Directors

Howard S. Jonas Chairman
James A. Courter Vice Chairman
Stephen R. Brown Director
Joyce J. Mason Director
Marc E. Knoller Director
Moshe Kaganoff Director
J. Warren Blaker Director
Rudy Boschwitz Director
Saul K. Fenster Director
James S. Gilmore III Director
Jack F. Kemp Director
Michael J. Levitt Director
William A. Owens Director
William F. Weld Director

Executive Officers

Howard S. Jonas Chairman of the Board
James A. Courter Chief Executive Officer
Ira A. Greenstein President
Stephen R. Brown Chief Financial Officer and Treasurer
Marcelo Fischer Chief Accounting Officer and Controller
Joyce J. Mason Senior Vice President, General Counsel and Secretary
Marc E. Knoller Senior Vice President
Moshe Kaganoff Executive Vice President of Strategic Planning
Geoffrey Rochwarger Executive Vice President of Telecommunications
Morris Lichtenstein Executive Vice President of Business Development
E. Brian Finkelstein Executive Vice President of Business Development
Jonathan Levy Executive Vice President of Corporate Development

Outside Counsel

McDermott, Will & Emery
New York, New York

Independent Auditors

Ernst & Young LLP
New York, New York

Transfer Agent

American Stock Transfer & Trust Company
New York, New York

Availability of Form 10-K

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

Annual Meeting of Stockholders

Date: December 15, 2003
Time: 11:00 a.m.
Place: 520 Broad Street
Newark, New Jersey 07102
Phone: (973) 438-1000

Price of Stock and Dividends

On October 24, 2003, the last sales price reported on the New York Stock Exchange for the Class B Common Stock was $19.56 per share and for the Common Stock was $18.99 per share. On the same date, there were approximately 373 holders of record of the Class B Common Stock and approximately 337 holders of record of the Common Stock.

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

Stock Exchange Listing

The Class B Common Stock of IDT Corporation is traded under the symbol “IDT” and the Common Stock is traded under the symbol “IDT.C” on the New York Stock Exchange.
Contact Information
for IDT Products & Services

Consumer Telephone Service
www.idt.net/products/id
1-888-640-6929

Business Telephone Service
www.idt.net/products/id/business.asp
1-800-438-7964

IDT Solutions
www.idtsolutions.com
1-800-438-4230

Union Telecard Calling Cards
www.uniontelecard.com
1-800-410-3280

Global Calling Cards
www.idt.net/products/debit/gc
1-800-989-4382

Global Access for Cell Phones
www.idt.net/products/gaccess
1-866-444-9499

Corporate Calling Cards
www.idt.net/products/debit/ccard
1-973-438-3577

Government Calling Cards
www.idt.net/products/gsacard
1-973-438-3577

European Calling Cards
www.idteurope.com/phonecards

Net2Phone Global Services
www.net2phone.com/products
1-973-438-3111

Net2Phone Cable Telephony
www.net2phone.com/products/cable
1-973-438-3111