

IDT CORP
Form DEF 14C
October 28, 2011

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C.20549

SCHEDULE 14C INFORMATION

Information Statement Pursuant to Section 14(c) of the
Securities Exchange Act of 1934

Check the appropriate box:

- Preliminary Information Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14c-5(d)(2))
- Definitive Information Statement
- Definitive Additional Materials

IDT CORPORATION

(Name of Registrant as Specified In Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rule 14c-5(g), and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction 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:
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- Fee paid previously with preliminary materials.
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- (1) Amount Previously Paid:
 - (2) Form, Schedule or Registration Statement No.:
 - (3) Filing Party:
 - (4) Date Filed:
-

Howard S. Jonas
Chairman of the Board of Directors and
Chief Executive Officer
IDT Corporation
520 Broad Street
Newark, NJ 07102

October 28, 2011

Dear IDT Corporation Stockholder:

I am pleased to inform you that the Board of Directors of IDT Corporation (“IDT”) has approved the spin-off of Genie Energy Ltd. (“Genie”), a wholly-owned subsidiary of IDT, to IDT’s stockholders. IDT currently owns 100% of Genie and will be distributing all of that interest to IDT’s stockholders. Following the spin-off, IDT’s businesses will 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 our energy services company (ESCO), and Genie Oil and Gas, our unconventional energy operations.

The spin-off of Genie will occur 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 will receive 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 at 5:00 p.m., New York City time, on October 21, 2011, which is the record date for the spin-off. The distribution of shares of our Class B common stock will be paid in book-entry form and physical stock certificates will be issued only to holders of Class A common stock and, upon request, to holders of Class B common stock.

Stockholder approval of the spin-off is not being sought, and you are not required to take any action to receive your Genie common stock.

We believe that the spin-off will separate certain of our business units that have different business drivers and growth characteristics. We believe that separating the two groups of operating units will allow the management of each of IDT and Genie to design and implement corporate strategies and policies that are based primarily on the business characteristics of the respective companies and their business units, maintain a sharper focus on the core business and growth opportunities, and concentrate their financial resources wholly on their own operations. Moreover, the separation of Genie from IDT will allow each of the companies to be more easily understood and provide investors with greater transparency regarding the value of the businesses. Accordingly, we believe the spin-off will build long-term stockholder value.

Following the spin-off, you will own shares in both IDT and Genie. Genie’s Class B common stock has been approved for listing on the New York Stock Exchange (“NYSE”) under the symbol “GNE”, subject to our being in compliance with applicable NYSE listing standards, including as to minimum bid price during the when-issued trading period. The Genie Class B common stock began trading on a when-issued basis on October 26, 2011. We expect to satisfy all the requirements for that continued listing. IDT Class B common stock will continue to trade on the NYSE under the symbol “IDT”.

We intend for the spin-off to be tax-free for stockholders. To that end, we received a ruling from the IRS (the “IRS Ruling”) substantially to the effect that, for U.S. federal income tax purposes, the distribution of shares of Genie common stock will qualify as tax-free under Section 355 of the Internal Revenue Code of 1986 (the

“Code”). In addition to obtaining the IRS Ruling, we have received an opinion from PricewaterhouseCoopers LLP, confirming the tax-free status of the spin-off for U.S. federal income tax purposes, including confirming the satisfaction of the requirements under Section 355 of the Code not specifically addressed in the IRS Ruling. You should, of course, consult your own tax advisor as to the particular consequences of the spin-off to you.

The enclosed Information Statement, which is being mailed to IDT stockholders, describes the spin-off in detail and contains important information about Genie, including its financial statements.

We look forward to your continued support as a stockholder of IDT. We remain committed to working on your behalf to build long-term stockholder value.

Sincerely,
Howard S. Jonas
Chairman of the Board of Directors and Chief Executive Officer

October 28, 2011

Dear Genie Energy Ltd. Stockholder:

It is my pleasure to welcome you as a stockholder of Genie Energy Ltd. Our strategy as an independent publicly traded company is to maximize value to our stockholders by building on our current strengths and capitalizing on our investment in science and technology to develop unconventional energy opportunities.

The spin-off will separate our businesses from the remainder of IDT's operations and holdings. We, along with IDT's management, believe that the operational and growth prospects of our businesses may best be realized by a separation from those that will remain with IDT based on several factors including industry characteristics and the growth prospects of our retail energy services, or ESCO, and unconventional energy businesses. As a separate company, investors will have the ability to independently value our company, a high-growth energy company, in contrast to IDT's more mature business. Specifically, we will continue the operation of our ESCO business and expect to expand into additional markets and utility regions where we see attractive opportunities, while we invest, together with our partners, in unconventional oil and gas projects, including the research, development and exploration of our oil shale properties in Colorado and Israel as they move toward commercially viable and environmentally acceptable operations. As an independent company, we expect that we will be able to have direct access to the capital markets. We anticipate that this direct access will improve our ability to invest in our business and continue to develop innovative new products, services and technologies, pursue strategic transactions, enhance our market recognition with investors and increase our ability to attract and retain employees.

Our focused and experienced management team is highly motivated to make a difference in the energy industry, as we enhance value for our customers and stockholders as a growth-oriented company.

Genie's Class B common stock has been approved for listing on the New York Stock Exchange under the symbol "GNE", subject to our being in compliance with applicable NYSE listing standards, including as to minimum bid price during the when-issued trading period. Our Class B common stock began trading on a when-issued basis on October 26, 2011. We expect to satisfy all the requirements for that continued listing.

We invite you to learn more about Genie Energy by reviewing the enclosed Information Statement. We look forward to our future as a separate publicly-traded company and to your support as a stockholder.

I am excited about the opportunities that the spin-off will create for our company, our customers and for you, our stockholders.

Sincerely,
Claude A. Pupkin
Chief Executive Officer

A Registration Statement on Form 10 relating to these securities has been filed with the United States Securities and Exchange Commission under the Securities and Exchange Act of 1934, as amended.

DATED OCTOBER 28, 2011

DEFINITIVE INFORMATION STATEMENT

GENIE ENERGY LTD.

Class A Common Stock

and

Class B Common Stock

(each, par value \$0.01 per share)

This Information Statement is being furnished by IDT Corporation, or IDT, to its stockholders in connection with the distribution to holders of Class A common stock and Class B common stock, each par value \$0.01 per share, of IDT, of all the outstanding shares of Class A common stock and Class B common stock, each par value \$0.01 per share, of Genie Energy Ltd., or Genie.

We are currently a wholly-owned subsidiary of IDT. We own 99.3% of our subsidiary, Genie Energy International Corporation, or GEIC, which owns 100% of IDT Energy and 92% of Genie Oil and Gas, Inc., or GOGI. Following the spin-off, our principal businesses, which are currently part of IDT, will consist of:

- IDT Energy, which operates our energy services company, or ESCO, that resells electricity and natural gas to residential and small business customers in New York, New Jersey and Pennsylvania; and
- Genie Oil and Gas, which consists of (1) American Shale Oil Corporation, or AMSO, which holds and manages a 50% interest in American Shale Oil, LLC, or AMSO, LLC, our oil shale initiative in Colorado, and (2) an 89% interest in Israel Energy Initiatives, Ltd., or IEI, our oil shale initiative in Israel.

The spin-off will separate our businesses from the remainder of IDT's operations and holdings. We, along with IDT's management, believe that the operational and growth prospects of our businesses may best be realized by a separation from those that will remain with IDT based on several factors including industry characteristics and growth prospects of our ESCO and unconventional energy businesses. As a separate company, investors will have the ability to independently value our company, a high-growth energy company, in contrast to IDT's more mature business. Each of our businesses is described in more detail below.

Our business will consist of two reporting segments: IDT Energy and Genie Oil and Gas.

The spin-off of Genie will occur by way of a pro rata distribution of the Genie Class A common stock and Class B common stock held by IDT to IDT's stockholders. In the distribution, on the distribution date each IDT stockholder will receive one share of Genie Class A common stock for every share of IDT Class A common stock and one share of Genie Class B common stock for every share of IDT Class B common stock, held at 5:00 p.m., New York City time,

on October 21, 2011, which is the record date for the spin-off. The distribution of shares of our Class B common stock will be paid in book-entry form and physical stock certificates will be issued only to holders of Class A common stock and, upon request, to holders of Class B common stock.

No stockholder approval of the spin-off is required or sought and you are not required to take any action to receive your Genie common stock. We are not asking you for a proxy and you are requested not to send us a proxy. IDT stockholders will not be required to pay for the shares of our Class A common stock or Class B common stock to be received by them in the spin-off or to surrender or exchange shares of IDT Class A common stock or Class B common stock in order to receive our Class A common stock and Class B common stock or to take any other action in connection with the spin-off.

Currently, there is no trading market for our Class A common stock or Class B common stock. However, a limited market, commonly known as a “when-issued” trading market, for our Class B common stock has been established as of October 26, 2011, and we expect that “regular way” trading of our Class B common stock will begin on October 31, 2011. Genie’s Class B common stock has been approved for listing on the NYSE under the symbol “GNE”, subject to our being in compliance with applicable NYSE listing standards, including as to minimum bid price during the when-issued trading period, and we expect to satisfy all the requirements for that continued listing.

We do not intend to list our Class A common stock for trading on any exchange or trading system.

In reviewing this Information Statement, you should carefully consider the matters described under “Risk Factors” beginning on page 6 for a discussion of certain factors that should be considered by recipients of our common stock.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this Information Statement is truthful or complete. Any representation to the contrary is a criminal offense.

This Information Statement does not constitute an offer to sell or the solicitation of an offer to buy any securities.

This Information Statement is first being mailed to IDT stockholders on or about October 28, 2011.

The registration statement on Form 10, of which this Information Statement is a part, and this Information Statement are still under review by, and we may receive additional comments from, the SEC that may require amending and revising the registration statement and Information Statement.

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This Information Statement is being furnished by IDT solely to provide information to IDT stockholders who will receive shares of our Class A common stock and Class B common stock in the distribution. This Information Statement is not, and is not to be construed as, an inducement or encouragement to buy or sell any of our securities or any securities of IDT. This Information Statement describes our business, the relationship between IDT and us, and how the spin-off affects IDT and its stockholders, and provides other information to assist you in evaluating the benefits and risks of holding or disposing of our common stock that you will receive in the distribution. You should be aware of certain risks relating to the spin-off, our business and ownership of our common stock, which are described under the heading “Risk Factors.”

You should not assume that the information contained in this Information Statement is accurate as of any date other than the date set forth on the cover. Changes to the information contained in this Information Statement may occur after that date, and we undertake no obligation to update the information, except in the normal course of our public disclosure obligations and practices.

Unless the context indicates otherwise, all references in this Information Statement:

- to “Genie,” “us,” “we,” or “our” are to Genie Energy Ltd. and its subsidiaries; and
- to “IDT” are to IDT Corporation and its subsidiaries, and, with respect to periods following the spin-off, IDT Corporation and its subsidiaries other than Genie and its subsidiaries.

The transaction in which we will be separated from IDT and become a separately-traded public company is referred to in this Information Statement as the “separation,” the “distribution” or the “spin-off.”

We obtained the market and industry data and other statistical information used throughout this Information Statement from our own research, surveys or studies conducted by third parties, independent industry or general publications and other published independent sources. While we believe that each of these sources is reliable, we have not independently verified such data. Similarly, we believe our internal research is reliable, but it has not been verified by any independent sources.

QUESTIONS AND ANSWERS ABOUT THE SPIN-OFF

Q: Why am I receiving this document?

A: IDT is delivering this document to you because you were a holder of IDT's Class A common stock or Class B common stock on the record date for the distribution of our shares of Class A common stock and Class B common. Accordingly, you are entitled to receive one share of our Class A common stock for every share of IDT Class A common stock and one share of our Class B common stock for every share of IDT Class B Common stock that you held on the record date. No action is required for you to participate in the distribution.

Q: What is the spin-off?

A: The spin-off is the overall separation of our company from IDT resulting in Genie being owned by the public and continuing to own and operate the assets of the IDT Energy and Genie Oil and Gas segments of IDT. The spin-off will occur by the pro rata distribution by IDT of our Class A common stock and Class B common stock held by IDT to holders of IDT's Class A common stock and Class B common stock as set forth in the answer above. We refer to this last step as the "distribution."

Q: What is Genie?

A: Up to the time of the spin-off, we will be a wholly-owned subsidiary of IDT. Following the spin-off, we will be a separate publicly-traded company. We have majority holdings in IDT Energy and Genie Oil and Gas.

Q: Why is IDT separating our businesses and distributing our stock?

A: IDT's Board of Directors and management believe the separation will provide the benefits set forth below under the caption "The Spin-Off--Reasons for the Spin-Off" beginning on page 13, including that the operational and growth prospects of our businesses may best be realized by a separation from those that will remain with IDT based on several factors including industry characteristics and growth prospects of our ESCO and unconventional energy businesses. As a separate company, investors will have the ability to independently value our Company and our business units, in contrast to IDT's more mature business. Moreover, the spin-off will allow management of each of IDT and Genie to design and implement corporate strategies and policies that are based primarily on the business and industry dynamics of that company and its business units, maintain a sharper focus on core business and growth opportunities, concentrate their financial resources wholly on their own operations and allowing investors to appreciate the value of each company's business units.

Q: Why is the separation of the two companies structured as a spin-off?

A: IDT's Board of Directors believes that a tax-free spin-off of our shares is a cost-effective and tax efficient way to separate the companies. For additional information, see "Material U.S. Federal Income Tax Consequences of the Spin-Off" beginning on page 15.

Q: What is the record date for the distribution?

A: The record date is October 21, 2011 and ownership will be determined as of 5:00 p.m., New York City time, on that date. When we refer to the “record date,” we are referring to that time and date.

Q: What will be our relationship with IDT after the spin-off?

A: IDT and Genie each will be independent, publicly-traded companies. Howard Jonas will be chairman of the board of both companies as well as Chief Executive Officer of IDT. Further, we are entering into agreements with IDT that will ease our transition from consolidated operating segments to an independent company following the spin-off and we will continue to cooperate with IDT when there is an opportunity for cost savings that does not impact the independence of the two companies. For example, pursuant to a Transition Services Agreement IDT will continue to provide certain services, including, but not limited to services relating to human resources, employee benefits administration, finance, accounting, tax, internal audit, facilities, investor relations and legal for an agreed period following the spin-off. Additionally, under the same agreement, Genie will provide specified administrative services to certain of IDT’s foreign subsidiaries. Furthermore, IDT will grant us a license to use the IDT name for our ESCO business. For additional information regarding our relationship with IDT after the spin-off, see “Our Relationship with IDT After the Spin-Off and Related Person Transactions” beginning on page 53.

Q: When will the spin-off be completed?

A: Shares of our Class A common stock and Class B common stock are being distributed on or about October 28, 2011. We refer to this date as the “distribution date.”

Q: Can IDT decide to cancel the distribution of our Class A common stock and Class B common stock even if all the conditions to the distribution have been met?

A: Yes. The distribution is conditioned upon satisfaction or waiver of certain conditions. See “The Spin-Off--Spin-Off Conditions and Termination” beginning on page 17. IDT has the right to terminate the distribution, even if all of these conditions are met, if at any time IDT’s Board of Directors determines, in its sole discretion, that IDT and Genie are better served by remaining a combined company or that market or business conditions are such that it is not advisable to complete the spin-off.

Q: What will happen to the listing of IDT's Class B common stock?

A: Nothing. We expect that IDT Class B common stock will continue to be traded on the New York Stock Exchange ("NYSE") under the symbol "IDT".

Q: Will the spin-off affect the market price of my IDT shares?

A: Probably. As a result of the spin-off, the trading price of IDT shares immediately following the distribution may be lower than immediately prior to the distribution because the trading price will no longer reflect the value of the Genie businesses. In addition, until the market has fully analyzed the operations of IDT without these business segments, the price of IDT shares may fluctuate significantly. Furthermore, the combined trading prices of IDT's Class B common stock and, if and when outstanding, our Class B common stock, after the distribution may be higher or lower than the trading price of IDT Class B common stock prior to the distribution. See the Risk Factor entitled "There may not be an active trading market for shares of our common stock and stockholders may find it difficult to transfer our securities" on page 11.

Q: What will IDT stockholders receive in the spin-off?

A: In the spin-off, IDT stockholders will receive one share of our Class A common stock for every share of IDT Class A common stock and one share of our Class B common stock for every share of IDT Class B common stock that they own as of the record date. Immediately after the spin-off, IDT stockholders will still own all of IDT's current business segments, but they will own them as two separate investments rather than as a single investment.

Holders of our Class A common stock will be entitled to three votes per share and holders of our Class B common stock will be entitled to one tenth of one vote per share.

After the spin-off, the certificates and book-entry interests representing the "old" IDT Class A common stock and Class B common stock will represent such stockholders' interests in the IDT businesses (other than our businesses) following the spin-off, and the certificates and book-entry interests representing our Class A common stock and Class B common stock that stockholders receive in the spin-off will represent their interests in Genie businesses only.

Q: If a stockholder owns restricted stock of IDT, what will that stockholder receive in the spin-off?

A: Holders of restricted Class B common stock of IDT will receive, in respect of those restricted shares, one share of our Class B common stock for every restricted share of IDT that they own as of the record date for the spin-off. Those particular shares of our stock that you will receive will be restricted under the same terms as the IDT restricted shares in respect of which they were issued. This means that restricted shares of our stock received in the spin-off are subject to forfeiture on the same terms, and their restrictions lapse at the same time, as the corresponding IDT shares.

Q: If a stockholder owns options to purchase shares of IDT stock, what will that option holder receive in the spin-off?

A: As of October 25, 2011, there were outstanding options to purchase approximately 478,000 shares of IDT Class B common stock, with various exercise prices and expiration dates. The exercise prices of all of such options were above the market price for IDT's Class B common stock on such date. In the spin-off, the exercise price of each outstanding option to purchase IDT Class B common stock will be proportionately reduced based on the trading price of IDT following the spin-off. Further, each option holder will share ratably in a pool of options to purchase 50,000 shares of Genie Class B common stock, meaning that each option holder will receive an option to purchase one tenth of a share of our Class B common stock for each IDT option held as of the spin-off. The exercise price for all of the Genie options will be equal to the market value, and the expiration date of each option will be the expiration of, the IDT option held by such option holder. The Genie options will be issued within 30 days following the spin-off and the exercise price will be the closing price of the Genie Class B common stock on the date of grant.

Q: What does an IDT stockholder need to do now?

A: IDT stockholders do not need to take any action, although we urge you to read this entire document carefully. The approval of the IDT stockholders is not required or sought to effect the spin-off, and IDT stockholders have no appraisal rights in connection with the spin-off. IDT is not seeking a proxy from any stockholders, and you are requested not to send us a proxy.

IDT stockholders will not be required to pay anything for our shares distributed in the spin-off or to surrender any shares of IDT Class A common stock or Class B common stock. IDT stockholders should not send in their IDT share certificates. IDT stockholders will automatically receive their shares of our Class A common stock and Class B common stock when the spin-off is effected.

Q: Are there risks associated with owning Genie common stock?

A: Yes. Our business is subject to both general business risks and specific risks relating to our operations. In addition, our spin-off from IDT presents risks relating to our becoming a separately-traded public company as well as risks relating to the nature of the spin-off transaction itself. See "Risk Factors" beginning on page 6.

Q: What are the U.S. federal income tax consequences of the spin-off to IDT stockholders?

A: IDT stockholders should not recognize a gain or loss on the receipt of shares of our common stock in the spin-off. IDT stockholders should apportion their tax basis in IDT common stock between such IDT common stock and our common stock received in the spin-off in proportion to the relative fair market values of such stock at the time of the spin-off. An IDT stockholder's holding period for our common stock received in the spin-off should include the period for which that stockholder's IDT common stock was held. See "The Spin-Off--Material U.S. Federal Income Tax Consequences of the Spin-Off" beginning on page 15. **YOU SHOULD CONSULT YOUR OWN TAX**

ADVISOR AS TO THE PARTICULAR CONSEQUENCES OF THE SPIN-OFF TO
YOU.

Q: What if I want to sell my IDT common stock or my Genie common stock?

A: You should consult with your own financial advisors, such as your stockbroker, bank or tax advisor. We do not make any recommendations on the purchase, retention or sale of shares of IDT common stock or our common stock to be distributed.

If you do decide to sell any shares, you should make sure your stockbroker, bank or other nominee understands whether you want to sell your IDT common stock or your Genie common stock after it is distributed, or both.

Q: Where will I be able to trade shares of Genie common stock?

A: There is no current public market for our c