

TAX BASIS INFORMATION STATEMENT RELATED TO THE JUNE 1, 2016 SPIN-OFF TRANSACTION FOR IDT AND ZEDGE COMMON STOCK

In connection with the spin-off of its interest in Zedge, Inc. ("Zedge"), IDT's smart phone applications business, on June 1, 2016, IDT Corporation ("IDT") distributed one share of the new Zedge Class B common stock (NYSE MKT: ZDGE) for each three shares of IDT Class B common stock outstanding, and one share of the new Zedge Class A common stock for each three shares of IDT Class A common stock outstanding, in each case, to shareholders of record as of the close of business on May 26, 2016

This letter includes a general explanation of the application of certain U.S. Federal income tax laws and Treasury regulations related to the distribution of Zedge Class B common stock to former IDT Class B common stockholders. It does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular shareholders.

Investors are urged to consult with their own tax advisor regarding the particular consequences of the distribution of Zedge Class B common stock in their own specific circumstances, including the applicability and effect of all U.S. Federal, state and local and foreign tax laws.

If you did not receive the distribution of Zedge Class B common stock on June 1, 2016, this notice does not apply to you. Additionally, this notice does not apply to shares of former IDT common stock sold, exchanged, or otherwise disposed of prior to June 1, 2016.

GENERAL TAX INFORMATION

IDT has received a legal opinion from Pryor Cashman LLP that the distribution should qualify as tax-free transaction for U.S. federal income tax purposes. However, cash distributed in lieu of fractional shares generally will be taxable to the recipient stockholders. Stockholders are urged to consult their financial advisors and tax advisors regarding the particular consequences of the distribution in their situation, including, without limitation, the specific implications of selling IDT common stock on or prior to the Distribution Date and the applicability and effect of any U.S. federal, state, local and foreign tax laws.

TAX BASIS ALLOCATION

As a consequence of the distribution, U.S. federal income tax law requires that you allocate the tax basis in your former IDT shares immediately before the distribution between your IDT shares and your newly received Zedge shares. If you purchased your former IDT shares for cash, the tax basis for your former IDT shares will generally equal the cost of these shares including commissions and other fees. If you received your former IDT shares as a gift, through an employee compensation arrangement, or through some other means, we recommend that you consult your own tax advisor to determine your tax basis in these shares. If you acquired your shares at different times, you will need to make separate tax basis calculations for each group of shares based on their fair market values at the time you acquired the shares.

The allocation of the tax basis between shares of IDT and Zedge is based on their relative fair market values on the day of the distribution. U.S. Federal income tax law does not specify how to determine these fair market values.

Fair market value generally is the price at which property would change hands between a willing buyer and a willing seller, neither being under any compulsion to buy or sell and both having reasonable knowledge of the facts. For this purpose, the trading prices of IDT Class B common stock on the NYSE and the Zedge Class B common stock on the NYSE MKT will be used, but it is uncertain which trading prices should be used for this purpose.

The following are several alternative trading prices for determining the fair market values of the IDT Class B common stock and the Zedge Class B common stock, although other trading prices might be used:

- The closing trading prices for IDT and ZDGE “when-issued” as quoted on the NYSE Consolidated Transactions Reporting System on June 1, 2016, the last day of “when-issued” trading for ZDGE before the spin-off
- The opening trading prices of IDT and ZDGE as quoted on the NYSE Consolidated Transactions Reporting System on June 2, 2016, the first day of “regular way” trading for ZDGE after the spin-off
- The closing trading prices of IDT and ZDGE as quoted on the NYSE Consolidated Transactions Reporting System on June 2, 2016, the first day of “regular way” trading for ZDGE after the spin-off
- The average of the high and low trading prices of IDT and ZDGE as quoted on the NYSE Consolidated Transactions Reporting System on June 2, 2016, the first day of “regular way” trading for ZDGE after the spin-off.

One approach for determining fair market values is to utilize the opening prices for IDT and ZDGE trading on a “regular way” basis, as quoted on the New York Stock Exchange on June 2, 2016, the first day of trading “regular way” for ZDGE, which opening prices were \$12.54 and \$6.75, respectively. You are not bound by this approach and might choose, in consultation with your tax advisor, to use another approach to determine the fair market values for the Class B common stock of IDT and Zedge. Remember the distribution was 1 share of ZDGE for every 3 shares of IDT so the per IDT share amount was $\$6.75 / 3$, or \$2.25.

Based on the opening prices of trading “regular way” on June 2, 2016, 84.79% of your pre-distribution tax basis would be allocated to your Class B common stock of IDT and 15.21% would be allocated to your Class B common stock of Zedge. As a convenience to former IDT shareholders, an example of this approach is illustrated below.

One Method of Tax Basis Allocation

<i>June 2, 2016 First Regular Way Trading Date:</i>	<i>Basis Allocation</i>
IDT “Regular Way” opening price	\$12.54 84.79%
ZDGE “Regular Way” opening price	$\$6.75/3 =$ \$2.25 15.21%
Total “Regular Way” \$14.79 = 100.0%	

Hypothetical Example

Number of IDT shares owned: 1,200
 Existing tax basis per share: \$ 10.00
 Total tax basis: \$12,000

<u>Stock</u>	<u>Shares</u>	<u>Tax Basis Allocation (%)</u>	<u>Tax Basis Allocation (\$)</u>	<u>Tax Basis Per Actual Share</u>
IDT	1,200	84.79%	\$10,175	\$8.48
ZDGE (1 for 3)	400	15.21%	\$ 1,825	\$1.52
Total		100.00%	\$ 12,000	\$10.00

Please note, the NYSE did adjust the historical IDT prices reported for each share to reflect the spin-off of Zedge.