



CHARTER OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS OF IDT CORPORATION

Updated as of December 14, 2006

I. STATUS

The Audit Committee (the “*Committee*”) is a committee of the Board of Directors (the “*Board*”) of IDT Corporation (the “*Company*”).

II. PURPOSE

The purpose of the Committee shall be to assist the Board in its oversight of (i) the integrity of the Company’s financial statements, (ii) compliance with legal and regulatory requirements, (iii) independent auditor’s qualifications and independence, (iv) performance of the Company’s internal audit function and independent auditors, (v) review disclosures made to the Audit Committee by the Company’s Chief Executive Officer and Chief Financial Officer during their certification process for Form 10-K and Form 10-Q about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company’s internal controls, (vi) review the appointment and performance of the senior internal auditing executive, (vii) review the significant issues raised in reports to management prepared by the internal auditing department and management’s responses thereto, (viii) review at least annually the internal audit department and its mission, responsibilities, independence, budget and staffing and any recommended changes in the planned scope of the internal audit, (ix) discuss with management and the independent auditors any correspondence with regulators or governmental agencies and any published reports which raise material issues regarding the Company’s financial statements or accounting policies and (x) review the Company’s treasury and investment policies and the associated portfolio of investments.

III. MEMBERSHIP

The Committee shall consist of at least three members of the Board, as the Board shall determine on an annual basis. Each member shall be an independent director, as that term is defined in the Corporate Governance Guidelines of the Company and in accordance with applicable rules and regulations, as in effect from time to time. In

addition, no member of the Committee may (i) accept any consulting, advisory or other compensatory fee from the Company, other than in his or her capacity as a member of the Committee, the Board or another committee of the Board, or (ii) be an “affiliated person” of the Company or any subsidiary of the Company within the meaning of Section 10A of the Securities Exchange Act of 1934 (the “Exchange Act”).

Each member shall, in the judgment of the Board of Directors, have the ability to read and understand the Company’s basic financial statements or shall, at the time of appointment, undertake training for that purpose. At least one member of the Audit Committee shall, in the judgment of the Board of Directors, be an Audit Committee financial expert in accordance with the rules and regulations of the Securities and Exchange Commission (the “SEC”) and at least one member (who may also serve as the Audit Committee financial expert) shall, in the judgment of the Board of Directors, have accounting or related financial management expertise in accordance with New York Stock Exchange listing standards.

Without the express consent of the Board, no member of the Committee shall serve on the audit committee of more than three companies, including the Company, that are reporting companies within the meaning of the Exchange Act. If the Board permits any member of the Committee to serve on more than three such audit committees, then the Board shall make an affirmative determination that simultaneous service will not impair the effectiveness of the Committee member with respect to his or her responsibilities to the Company. The basis for such determination shall be disclosed as required by law or stock exchange regulation.

IV. APPOINTMENT, RESIGNATION AND REMOVAL

Each member of the Committee shall be qualified for service on the Committee based on his or her personal integrity and professional experience. A Committee member may resign by delivering his or her written resignation to the Chairman of the Board. Unless a Chairman of the Committee is elected by the full Board, the members of the Committee may designate a Chairman by majority vote of the full Committee membership. A Committee member may be removed by majority vote of the entire Board upon delivery to such member of written notice of removal, to take effect at a date specified therein, or upon delivery of such written notice to such member if no date is specified.

V. DUTIES AND RESPONSIBILITIES

The function of the Committee is oversight. It is recognized that members of the Audit Committee are not full-time employees of the Company and may not be accountants or auditors by profession or experts in the fields of accounting or auditing, including without limitation in respect of auditor independence. It is not the duty or responsibility of the Committee or its members to conduct “field work” or other types of auditing or accounting reviews or procedures.

Consistent with the foregoing, the Committee shall have the following duties and responsibilities:

- Prepare and publish an annual Committee report in the Company's annual proxy statement.
- Directly appoint, retain, compensate, evaluate and, if and when appropriate, terminate the Company's independent auditors.
- Establish procedures for the receipt, retention and treatment of complaints from the Company's employees on accounting, internal accounting controls or auditing matters, as well as for confidential, anonymous submissions by the Company's employees of concerns regarding questionable accounting or auditing matters.
- At least annually, obtain and review a report by the independent auditor describing (i) the audit firm's internal quality-control procedures, (ii) issues raised by recent internal quality-control review or peer review of the audit firm, or by any investigation by governmental or professional authorities within the last 5 years, regarding any independent audit carried out by the audit firm, and any steps taken to address these issues, and (iii) all relationships between the independent auditor and the Company.
- Consider whether, in order to assure continuing auditor independence, to regularly rotate the independent audit firm.
- Discuss annual and quarterly reports with management and independent auditors, including MD&A disclosures.
- Pre-approve all audit and non-audit services provided by independent auditors.
- Discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies, with management.
- Discuss policies with respect to risk assessment and risk management with management.
- With respect to the Internal Audit Department, (i) to review the appointment and performance of the senior internal auditing executive, (ii) to advise such executive that he or she shall provide to the Committee summaries of and, as appropriate, the significant reports to management prepared by the internal auditing department and the response of management thereto, (iii) to review at least annually the internal audit department and its mission, responsibilities, independence, budget and staffing and any recommended changes in the planned scope of the internal audit and (iv) to review any reports prepared by outside consultants retained to assist in the internal audit function.
- Review with the independent auditor any audit problems or difficulties and management response.

- Set clear hiring policies for employees or former employees of the independent auditors.
- Review the Company's Statement of Policy with Respect to Related Person Transactions and recommend any changes to the Board of Directors for approval. Review and determine whether to approve or ratify transactions covered by such policy, as appropriate.
- Perform a periodic review of the Company's treasury and investment policies and the associated portfolio of investments.
- Perform an annual evaluation of the Committee including an annual evaluation of the adequacy of this charter and recommend any proposed changes to the Board for approval.

In carrying out its duties and responsibilities, the Committee shall, among other things:

- Obtain advice and assistance from outside legal, accounting or other advisors as the Committee deems necessary to carry out its duties.
- Receive appropriate funding, as determined by the Committee, from the Company for payment of compensation to the outside legal, accounting or other advisors employed by the Committee.
- Meet with the heads of substantial business units and their respective senior executives.
- Host working sessions with the Chief Financial Officer and members of the finance department.

VI. RELIANCE

The Committee and its members shall be entitled to rely upon (i) the integrity of those persons and organizations within and outside the Company that provide information and (ii) absent actual knowledge to the contrary (which shall be promptly reported to the Board), the accuracy of the financial and other information provided to the Committee by such persons or organizations.

VII. MEETINGS

The Committee shall meet at least four times each year, no less frequently than once per quarter, to discuss the annual and quarterly financial statements of the Company and may meet at such other times as the Committee deems necessary or appropriate. In addition, the Committee shall meet periodically and separately at least annually with management, the director of the internal auditing department and the outside auditors of the Company to discuss any matters that the Committee, any member of the Committee or any such person or organization believes should be discussed privately. The Committee shall report its minutes from each meeting to the Board. The chairman of the Committee shall

attend the annual meeting of stockholders and be available to answer questions raised at such meeting.

The Committee may request any officer or employee of the Company, outside counsel or the outside auditors to attend any meeting of the Committee and to meet with any member of or consultant to the Committee. Members may participate in Committee meetings through a conference call or similar communications process by means of which all persons participating in the meeting may hear each other.

VIII. COMMITTEE ACTION

A majority of the members present shall decide any question brought before the Committee. Actions by the majority may be expressed by a vote at a meeting. Two members shall constitute a quorum. The Committee may take action outside of a meeting by written consent of all of the members of the Committee.

IX. PROCEDURES

The chairman of the Committee shall establish such rules (consistent with the By-laws of the Company) as may from time to time be necessary or appropriate for the conduct of the business of the Committee. The chairman of the Committee shall appoint as secretary a person who may, but need not, be a member of the Committee. The secretary of the Committee shall keep minutes of the meetings of the Committee. A certificate of the secretary of the Committee setting forth the names of the members of the Committee or actions taken by the Committee shall be sufficient evidence at all times as to the persons constituting the Committee and the actions taken.