

TC02-027

K7/K5

TC02-027

DOCKET NO. _____

In the Matter of _____

IN THE MATTER OF THE FILING FOR
 APPROVAL OF TRANSFER OF
 CERTIFICATE OF AUTHORITY FROM
 WINSTAR WIRELESS, INC. TO
 WINSTAR COMMUNICATIONS, LLC

Public Utilities Commission of the State of South Dakota

DATE	MEMORANDA
3/21 02	Filed and Docketed;
3/28 02	Weekly Filing;
4/2 02	Revised Tariff;
4/22 02	Revised Tariff Pages;
4/24 02	Surety bond;
5/16 02	Order Granting Transfer of COA;
5/16 02	Docket Closed

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March 20, 2002

RECEIVED

MAR 21 2002

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

BY OVERNIGHT DELIVERY

William Bullard, Executive Director
South Dakota Public Utilities Commission
500 E. Capitol Avenue
State Capitol Building
Pierre, SD 57501

Re: Emergency Joint Application of Winstar Wireless, Inc. and Winstar Communications, LLC to Transfer the Certificate of Authority of Winstar Wireless, Inc. to Winstar Communications, LLC

Dear Mr. Bullard:

On behalf of Winstar Wireless, Inc. ("Old Winstar") and Winstar Communications, LLC ("New Winstar") (together, the "Applicants"), enclosed please find an original and ten (10) copies of the above-referenced Application. Please find enclosed a check for \$250.00, made payable to the South Dakota Public Utilities Commission, to cover the requisite filing fee.

Pursuant to the requirements of the Sale Order of the U.S. District Court for the District of Delaware (the "Bankruptcy Court"), Applicants respectfully request that the Commission act expeditiously to grant the authority requested in the Emergency Joint Application no later than April 1, 2002 so that the Applicants can complete the transition of customers to New Winstar's services by the end of the Regulatory Compliance Period established by the Bankruptcy Court (April 17, 2002).

Please date-stamp the enclosed extra copy of this letter and return it in the self-addressed, postage-paid envelope attached. Should you have any questions concerning this filing, please do not hesitate to contact us.

Respectfully submitted,



Jean L. Kiddoo
Brett P. Ferenchak

Counsel for the Applicants

Enclosure

cc: Carl Billek
Kimberley A. Bradley

BEFORE THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

Emergency Joint Application of)
)
Winstar Wireless, Inc.)
)
and)
)
Winstar Communications, LLC)
)
To Transfer the Certificate of Authority)
Of Winstar Wireless, Inc. to)
Winstar Communications, LLC)
_____)

Docket No. _____

RECEIVED
MAR 21 2002
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

EMERGENCY JOINT APPLICATION TO
TRANSFER A CERTIFICATE OF AUTHORITY

Winstar Wireless, Inc. ("Old Winstar") and Winstar Communications, LLC ("New Winstar") (together, the "Applicants"), by their undersigned counsel and pursuant to Section 49-31-3 of the South Dakota Codified Laws and Section 20:10:24:04.01 of the Administrative Rules of South Dakota, hereby request that the Commission transfer Old Winstar's Certificate of Authority to New Winstar to enable the parties to consummate a transaction arising out of Old Winstar's bankrupt status and approved by the United States District Court for the District of Delaware.¹ For reasons described more fully below, Applicants respectfully request that the Commission act expeditiously to grant the Application by April 1, 2002. In support of this Application, New Winstar provides the following information:

¹ Old Winstar and certain of its affiliates filed for bankruptcy on April 18, 2001 and currently operate under the protection of the U.S. Bankruptcy Code before the U.S. District Court for the District of Delaware (the "Bankruptcy Court"). See Chapter 11 Case No. 01-01430 (JJF) (Bankr. D. Del.). The Bankruptcy Court issued an order (the "Sale Order") approving the Transaction described herein on December 19, 2001. A copy of the Sale Order is appended as Exhibit A hereto.

I. BACKGROUND

On February 4, 2002, the Applicants filed with the Commission a Notification of the Transfer of Assets and Authorizations of Old Winstar to New Winstar (the “Notice Letter”). By letter dated February 11, 2002,² Rolayne Ailts Wiest, Commission Attorney, informed Applicants that an application would be required to transfer the Certificate of Authority from Old Winstar to New Winstar (the “February 11 Letter”). The February 11 Letter, however, did not indicate that any other portion of the transaction required Commission approval. Applicants, therefore, have prepared the instant application requesting approval to transfer Old Winstar’s Certificate of Authority to New Winstar.

II. THE APPLICANTS

A. Winstar Communications, LLC (“New Winstar”)

Winstar Communications, LLC is a recently formed Delaware limited liability company with its principal business office located at 520 Broad Street, Newark, New Jersey 07102-3111. New Winstar is a direct subsidiary of Winstar Holdings, LLC. Winstar Holdings, LLC is 95 percent owned by IDT Advanced Communication Services, LLC, a wholly owned subsidiary of IDT Corporation. The other 5 percent of Winstar Holdings, LLC is owned by the Old Winstar bankruptcy estate.³ IDT Advanced Communication Services, LLC, Winstar Holdings, LLC, and New Winstar were formed specifically in conjunction with the proposed acquisition of the core domestic telecommunications assets of WCI and certain of its operating subsidiaries, including Old Winstar.

² Applicants did not receive the letter until February 28, 2002.

³ It is also contemplated that Winstar Holdings, LLC (or one of its affiliates) may grant non-controlling equity interests as incentive compensation to certain employees, officers, directors and consultants of Winstar Holdings, LLC and its affiliates.

IDT Corporation, the ultimate parent company of New Winstar, is organized under the laws of the State of Delaware with its principal business office located at 520 Broad Street, Newark, New Jersey 07102-3111. IDT Corporation provides telecommunications services in the United States and abroad. Additionally, through its indirect subsidiary IDT America, Corp. (“IDT America”), IDT Corporation is authorized to provide interexchange telecommunications services throughout the country, including South Dakota, pursuant to authorization granted in Docket No. TC00-168.

B. Winstar Wireless, Inc. (“Old Winstar”)

Old Winstar is a corporation organized under the laws of the State of Delaware with its principal business office located at 2350 Corporate Park Drive, Herndon, Virginia 20171. Old Winstar is a wholly owned operating subsidiary of WCI Capital Corp., which is a direct, wholly owned subsidiary of WCI. WCI is a publicly held corporation organized under the laws of the State of Delaware with its principal business office located at The Winstar Building, 685 Third Avenue, New York, New York 10017. WCI’s subsidiaries provide, among other things, facilities-based and resale telecommunications services, as well as private line and switched local and interexchange services throughout the United States utilizing a network of wireless and wireline facilities. Old Winstar, more particularly, is authorized to provide interexchange telecommunications services in South Dakota pursuant to a Certificate issued by the Commission.⁴

III. SUMMARY OF TRANSACTION

New Winstar was recently formed by IDT Corporation as part of a transaction in which IDT Corporation’s indirect subsidiary, Winstar Holdings, LLC, is acquiring the core domestic telecommunications assets of Winstar Communications, Inc. (“WCI”), the ultimate parent company of Old Winstar and its various subsidiaries, including the Certificate and related operations of Old

⁴ Certificate of Operating Authority, Docket No. TC99-001 (5/18/99).

Winstar in South Dakota (the “Transaction”). Among other things, the Transaction contemplates the assignment to New Winstar of the Certificate of Authority (the “Certificate”) of Old Winstar and the transfer to New Winstar of customers in South Dakota to whom Old Winstar currently provides long distance telephone services pursuant to that Certificate.⁵ Therefore, Applicants seek the authority necessary to transfer, assign or otherwise enable Old Winstar to convey its South Dakota Certificate identified herein to New Winstar.

A complete description of the Transaction was provided in Section III of the Notice Letter on file with the Commission. Applicants, therefore, request that the Commission take notice of the Notice Letter and incorporate it herein. For the Commission’s convenience, a copy of the Notice Letter is attached hereto as Exhibit B.

IV. REQUEST FOR EXPEDITED TREATMENT

As part of the Bankruptcy Court’s approval of the sale of Old Winstar assets to New Winstar, the Court created a 120-day ‘Regulatory Compliance Period,’ expiring April 17, 2002, during which (1) the Parties would seek and obtain the necessary federal and state regulatory approvals to operate the business, and (2) the Parties could make decisions as to which contracts with underlying carriers and other vendors would be assumed and which would be rejected.⁶ The Applicants seek expedited treatment of this Application, with approval by April 1, 2002, so that customers can be transitioned to New Winstar’s services prior to the expiration of that period.

⁵ Following consummation of the Transaction, Assignee will evaluate the Old Winstar business and will advise the Commission and seek any necessary approvals should it determine that changes to the business would impact the regulated assets and/or customers that it is acquiring are appropriate.

⁶ See Paragraph 23 of the Bankruptcy Court Sale Order.

V. INFORMATION REQUIRED BY SECTION 20:10:24:02 OF THE ADMINISTRATIVE RULES

1. 20:10:24:02(1) – Name, Address and Telephone Number of New Winstar: New

Winstar's legal name is Winstar Communications, LLC. New Winstar maintains its principal place of business at:

520 Broad Street
Newark, NJ 07102
(973) 438-4524 (Tel)
(973) 438-1503 (Fax)

Correspondence or communications pertaining to this Application should be directed to Applicant's attorneys of record:

Jean L. Kiddoo, Esq.
Brett P. Ferenchak, Esq.
Swidler Berlin Shereff Friedman, LLP
3000 K Street, NW, Suite 300
Washington, DC 20007-5116
(202) 424-7834 (Tel)
(202) 424-7645 (Fax)

with a copy to :

Kimberley A. Bradley
Senior Director of Regulatory Affairs
Winstar Wireless, Inc.
1850 M Street, N.W., Ste. 300
Washington, D.C. 20036
(202) 367-7654 (Tel)
(202) 659-1931 (Fax)

and:

Diane Clark, Esq.
Carl Billek, Esq.
IDT Corporation
520 Broad Street
Newark, NJ 07102
(973) 438-4524 (Tel)
(973) 438-1503 (Fax)

2. 20:10:24:02(2) – Name under which service will be provided: New Winstar will provide the proposed services under the name “Winstar Communications, LLC.”

3. 20:10:24:02(3) – Legal organization:

a. 20:10:24:02(3)(a) – State of organization, date of organization, and authority to transact business in South Dakota: New Winstar is a limited liability company organized under the laws of Delaware on December 31, 2001. A copy of New Winstar’s Certificate of Formation and Certificate of Authority to Transact Business in South Dakota are attached hereto as Exhibits C and D, respectively.

b. 20:10:24:02(3)(b) – Location of principal office in South Dakota and registered agent: New Winstar does not currently have an office in South Dakota. New Winstar’s registered agent in South Dakota is:

CT Corporation System
319 S. Coteau Street
Pierre, SD 57501

c. 20:10:24:02(3)(c) – Ownership and management interest: New Winstar is a direct subsidiary of Winstar Holdings, LLC. Winstar Holdings, LLC is 95 percent owned by IDT Advanced Communication Services, LLC, a wholly owned subsidiary of IDT Corporation.

New Winstar’s officers are as follows:

Brian Finkelstein	Chief Executive Officer
Joyce J. Mason	Secretary and Treasurer

All officers can be reached at New Winstar’s principal place of business.

New Winstar has the managerial and technical resources necessary to operate the Winstar business in South Dakota. Members of IDT Corporation’s senior management team will be actively involved in operating New Winstar to assure the continued and uninterrupted provision of service pending regulatory approvals and in assessing and, as

necessary, in reformulating the Winstar business so that it may offer innovative and competitive local and long distance telecommunications services on a more financially secure basis. Biographies of such senior management are provided in Exhibit E. IDT Corporation's management also expects to rely upon many of Winstar's existing operations and management personnel who are familiar with the nature of existing operations. As a result, New Winstar will be led by a well-qualified management team and will have the managerial and technical expertise and resources necessary to operate in South Dakota.

4. 20:10:24:02(4) – Partnership information: New Winstar is not a partnership.

5. 20:10:24:02(5) – Proposed services: New Winstar seeks authority to provide the same intrastate interexchange telecommunications services current offered by Old Winstar.

6. 20:10:24:02(6) – Facilities to be used to provide services: New Winstar is in the process of identifying and taking steps to secure appropriate agreements and service arrangements that need to be established in order for New Winstar to operate.

7. 20:10:24:02(7) – Geographic area to be served: New Winstar plans to provide intrastate interexchange telecommunications services to subscribers to and from all points in South Dakota, and, therefore, seek statewide authorization. Since New Winstar seeks to provide statewide service, New Winstar has not included a map showing proposed service areas.

8. 20:10:24:02(8) – Financial qualifications and tariff: As a newly-formed company, New Winstar does not have the financial information required by Section 20:10:24:02(8). However, New Winstar's direct parent, Winstar Holdings, LLC deposited \$60 million into an account to fund operations after the Bankruptcy Court Sale Order was entered. *See* Sale Order at 10. Attached as Exhibit F are financial transaction records showing transfers to Winstar totaling \$59,984,965.30. As such, Winstar is financially qualified to operate as a

telecommunications provider in its own right and to meet the qualifications of the Commission. Moreover, New Winstar's ultimate parent company, IDT Corporation, was founded in 1990 and since that time it, together with its subsidiaries, has firmly established itself as a leading multinational carrier, routing billions of minutes of traffic per year. The Company uses its national telecommunications backbone and fiber optic network infrastructure to provide customers with an array of communications services. IDT Corporation delivers its telecommunications services over a high-quality network comprised of more than 150 switches in the U.S. and Europe, and owned and leased capacity on 14 undersea fiber optic cables.

IDT Corporation's success in developing innovative products and services and in expanding its geographic reach has translated into impressive growth in recent years, and has created a company that is extremely well-qualified financially to operate and expand the Old Winstar business. IDT Corporation currently holds over \$1 billion in cash and cash equivalents. Financial information demonstrating IDT Corporation's financial qualifications is provided in its most recent Form 10-K.⁷

Given New Winstar's own financial strength, and the resources of its corporate parent, Applicant is financially qualified to operate Old Winstar's telecommunications business within the State. Moreover, through the Commission's authorization of IDT Corporation's subsidiary, IDT America, the Commission has already found IDT Corporation financially qualified to provide telecommunications service in South Dakota.

New Winstar intends to offer the same services as Old Winstar. Therefore, New Winstar will adopt the current, effective interexchange tariff of Old Winstar.

⁷ Attached hereto as Exhibit G are the financial statements from IDT Corporation's 2001 Form 10-K. A copy of the entire Form 10-K of IDT Corporation may be obtained under "SEC Filings" found at: http://www.corporate-ir.net/ireye/ir_site.zhtml?ticker=idt&script=2100.

9. 20:10:24:02(9) – Complaint contact, regulatory contact, and handling of billing

and customer service matters: New Winstar’s regulatory contact for the Commission is:

Kimberley A. Bradley
Senior Director of Regulatory Affairs
Winstar Communications, LLC
1850 M Street, NW, Suite 300
Washington, DC 20036
(202) 367-7654 (Tel)
(202) 659-1931 (Fax)
kbradely@winstar.com (E-Mail)

For purposes of referring consumer inquiries, the contact information is:

Winstar National Customer Satisfaction Center
5151 Blazer Parkway, Suite A
Dublin, OH 43017
(888) 961-8800 (Tel)
info@winstar.com (E-Mail)

Customers will be billed directly by New Winstar.

10. 20:10:24:02(10) – Current authority to provide service: Winstar is currently authorized to offer similar telecommunications services in the following states, and has applications pending to acquire the assets and operating authority of Old Winstar in the other states: Alabama, Arkansas, California, Colorado, Florida, Georgia, Idaho, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Mississippi, Montana, Nebraska, Nevada, North Dakota, Ohio, Rhode Island, Texas, Utah, Vermont, West Virginia and Wisconsin.

11. 20:10:24:02(11) – Marketing: New Winstar initially intends to primarily target its marketing to small- and medium-sized business customers throughout the State of South Dakota.

12. 20:10:24:02(12) – Cost support: The services that New Winstar has proposed herein are competitive services; therefore, New Winstar has not provided cost support for the rates shown in its tariff.

13. 20:10:24:02(13) – Federal tax identification number: New Winstar’s federal tax identification number is 01-0549724.

14. 20:10:24:02(14) – Slamming and cramming complaints: No complaints regarding slamming or cramming have been filed against New Winstar in any jurisdiction.

15. 20:10:24:02(15) – Other information: Applicants respectfully submit that the Transaction serves the public interest. In particular, Applicants submit that (1) the Transaction will prevent a precipitous discontinuance of service to Old Winstar customers and will be conducted in a manner that will be virtually transparent to these customers; and (2) the revitalization of “Winstar” as a strong competitor in the telecommunications market will assure that the benefits of competition generated by Old Winstar’s presence will not be lost to consumers.

As discussed above, the orderly transition approved by the Bankruptcy Court will assure that the customers of Old Winstar will not suffer a precipitous disruption of service as a result of Old Winstar’s financial situation. Moreover, in order to assure that the transaction will be virtually transparent to Old Winstar’s existing customers, New Winstar will operate under the “Winstar” name and will adopt the existing Winstar tariffs so that customers can continue to receive the same rates and services during the transition to New Winstar. Following consummation of the Transaction, New Winstar will advise the Commission and seek any necessary approvals should it determine that changes to the business that would impact the regulated assets and/or customers that it is acquiring are appropriate.

Failure to approve the Transaction will harm the public interest. Not only would failure to approve the Transaction result in the inability of customers to continue to receive their “Winstar” services, it would also result in the diminution of competition in South Dakota, since Old

Winstar's current financial position has impeded its ability to compete aggressively in the telecommunications market. Specifically, Old Winstar's bankruptcy status has limited its ability to obtain and maintain the services and facilities it needs to compete for new customers and to continue providing certain services to existing customers. Indeed, absent the immediate commitment of Winstar Holdings, LLC to assume responsibility for payment of operating expenses and to provide management support to Old Winstar, it would have been forced to convert to a Chapter 7 liquidation proceeding and to take immediate steps to cease operating and to discontinue all services to customers. Although it would have done everything in its power to provide adequate notice to customers, Old Winstar could not have guaranteed that such notice would have been possible, since it was threatened with immediate discontinuance of service by many of its underlying carriers.

Given that, absent this Transaction, Old Winstar would not be able to continue to provide service as a result of its financial situation, Applicants hope to receive regulatory approval by April 1, 2002, so that they can complete the transition of customers to New Winstar's service no later than April 17, 2002, when the 120-day Regulatory Compliance Period established by the Bankruptcy Court ends.

WHEREFORE, Winstar Wireless, Inc. and Winstar Communications, LLC request that the South Dakota Public Utilities Commission grant the instant Application and transfer the Certificate of Authority of Winstar Wireless, Inc. to Winstar Communications, LLC.

Respectfully submitted,

Handwritten signature of Jean L. Kiddoo in black ink. The signature is written in a cursive style and includes the initials "BPF" at the end.

Jean L. Kiddoo, Esq.

Brett P. Ferencak, Esq.

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP

3000 K Street, N.W., Suite 300

Washington, D.C. 20007-5116

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(202) 424-7645 (Fax)

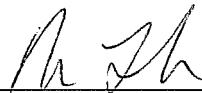
Counsel for Applicants

Dated: March 20, 2002

VERIFICATION

I, Brian Finkelstein, state that I am Chief Executive Officer of Winstar Communications, LLC, the Applicant in the foregoing Application; that I am authorized to make this Verification on behalf of Winstar Communications, LLC; that the foregoing Application was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 19th day of March, 2002.

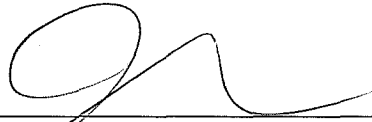


Name: Brian Finkelstein
Title: Chief Executive Officer
Winstar Communications, LLC

VERIFICATION

I, Joseph M. Sandri, Jr., state that I am Senior Vice President and Regulatory Counsel of Winstar Wireless, Inc., the Applicant in the foregoing Application; that I am authorized to make this Verification on behalf of Winstar Wireless, Inc.; that the foregoing was prepared under my direction and supervision; and that the contents are true and correct to the best of my knowledge, information, and belief.

I declare under penalty of perjury that the foregoing is true and correct. Executed this 11th day of March, 2002.



Name: Joseph M. Sandri, Jr.
Title: Senior Vice President and Regulatory Counsel
Winstar Wireless, Inc.

LIST OF EXHIBITS

Exhibit A	Sale Order
Exhibit B	Notice Letter (Dated February 14, 2002)
Exhibit C	Certificate of Formation of New Winstar
Exhibit D	Authority to Transact Business in South Dakota
Exhibit E	Management Biographies
Exhibit F	Financial Transaction Documents of New Winstar
Exhibit G	Financial Statements of IDT Corporation on Form 10-K

EXHIBIT A

Sale Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

-----X
In re: :
WINSTAR COMMUNICATIONS, INC., et al. : Chapter 11
 : Case No.: 01-1430 (JJF)
 : Jointly Administered
Debtors. :
 :
 :
 :
-----X

**ORDER AUTHORIZING (i) SALE OF CERTAIN OF THE DEBTORS’
ASSETS FREE AND CLEAR OF LIENS, CLAIMS ENCUMBRANCES,
AND INTERESTS, (ii) APPROVING CURE AMOUNTS WITH RESPECT
TO CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED LEASES,
(iii) AUTHORIZING THE DEBTORS TO ENTER INTO AND APPROVING
MANAGEMENT AGREEMENT, (iv) APPROVING REGULATORY
TRANSITION PROCESS AND (v) GRANTING RELATED RELIEF**

This matter having come before the court on (I) the motion (the “Original Motion”; terms not otherwise defined in this Sale Order shall have the meanings ascribed to such terms in the Original Motion) filed by Winstar Communications, Inc. and its affiliated debtors and debtors in possession in the above-captioned cases (collectively, the “Debtors”), requesting the entry of (A) an order pursuant to sections 363(b) and 105(a) of title 11, United States Code (the “Bankruptcy Code”) and Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) (i) approving bidding procedures, including bid protections, (ii) approving the form and manner of notice of (a) the hearing to consider granting certain bid protections (the “Bid Procedures Hearing”), (b) the hearing on the sale of certain of the Debtors’ assets (the “Sale Hearing”), (c) proposed cure payments and (d) assumption and assignment of executory contracts and unexpired leases, and (iii) scheduling the Sale Hearing,

and (B) an order authorizing and approving (i) the sale of certain of the Debtors' assets free and clear of liens, claims and encumbrances (the "Sale") and (ii) the assumption and assignment of certain executory contracts and unexpired leases, and (II) the supplement to the Original Motion filed with the Bankruptcy Court on December 14, 2001 (the "Motion Supplement", and together with the Original Motion, the "Motion") seeking entry of an order (i) authorizing the Debtors to enter into, and approving, a management agreement substantially in the form annexed to the Motion Supplement as Exhibit A (the "Management Agreement"), (ii) approving, and authorizing the Debtors to implement, the Debtors' proposed regulatory transition process (the "Regulatory Transition Process") and (iii) granting related relief, including an extension of the period under Bankruptcy Code section 365(d)(4) within which the Debtors may decide whether to assume or reject unexpired leases of nonresidential real property; and the Court having conducted a hearing on November 27, 2001, and having entered an order dated November 27, 2001 approving the Bidding Procedures; and an auction having been held at the offices of Shearman & Sterling, counsel to the Debtors, on December 5, 2001, in accordance with the Bidding Procedures previously approved by this Court; and following the conclusion of the Auction, the Debtors, in consultation with their financial advisors, and after consultation with counsel to each of the Creditors' Committee, the Agent for the Prepetition Lenders and the Agent for the DIP Lenders, having (i) reviewed each bid on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the Sale, and (ii) identified the bid of IDT Winstar Acquisition, Inc. (the "Buyer"), as set forth in the Asset Purchase Agreement, dated as of December 18, 2001 (the "Asset Purchase Agreement") as the highest and best offer for the Purchased Assets (as defined below in Paragraph H) at the Auction (the "Successful Bid"); and a hearing on the Motion

having been commenced on December 10, 2001 and continued on December 17, 2001 and December 18, 2001 (the "Sale Hearing"); and all interested parties having been afforded an opportunity to be heard with respect to the Motion; and the Court having reviewed and considered (i) the Motion, (ii) the objections thereto, if any, and (iii) the arguments of counsel made, and the evidence proffered or adduced at the Sale Hearing; and it appearing that the relief requested in the Motion and approval of the Sale of the assets to be acquired under the Asset Purchase Agreement (as defined therein, the "Purchased Assets") and the entry of an order approving the Sale (this "Sale Order") is in the best interests of the Debtors, their estates, creditors, and other parties in interest; and upon the record of the Sale Hearing, and these cases; and after due deliberation thereon; and good cause appearing therefor, it is hereby

FOUND AND DETERMINED AS FOLLOWS:¹

A. This Court has jurisdiction over the Motion and the transactions contemplated by the Motion pursuant to 28 U.S.C. §§157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. §157(b)(2)(M). Venue of these cases and the Motion is proper pursuant to 28 U.S.C. §§1408 and 1409.

B. The statutory predicates for the relief sought in the Motion are sections 105, 363 and 365 of 11 U.S.C. §§101 et seq. (the "Bankruptcy Code") and Rules 2002, 6004, 6006, and 9014 of the Federal Rules of Bankruptcy Procedure.

C. As evidenced by the affidavits of service previously filed with the Court, and based on the representations of counsel at the Sale Hearing, (i) proper, timely, adequate and sufficient notice of the Motion, the Sale Hearing, the Cure Notices, the Sale of the Purchased

¹ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Fed.R.Bank.P. 7052.

Assets and of the related transactions contemplated thereby (including without limitation the entry of the Debtors into the Management Agreement and the implementation of the Regulatory Transition Process) has been provided in accordance with sections 102(1), 363 and 365 of the Bankruptcy Code and Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure; (ii) such notice was reasonable, sufficient, and appropriate under the circumstances; and (iii) no other or further notice of the Motion, the Sale Hearing, the Cure Notices, the Sale of the Purchased Assets and all the related transactions contemplated thereby (including without limitation the entry of the Debtors into the Management Agreement and the implementation of the Regulatory Transition Process) shall be required.

D. A reasonable opportunity to object or be heard with respect to the Motion and the relief requested in the Motion has been afforded to all interested persons and entities, including (i) counsel for the Buyer, (ii) counsel for The Bank of New York, as Agent under the Pre-Petition Credit Agreement, (iii) counsel for Citibank, N.A., as agent under the DIP Credit Agreement, (iv) counsel for the Official Committee of Unsecured Creditors (the "Creditors' Committee"), (v) the Office of the United States Trustee, (vi) each party identified by the Debtors as a potential Buyer of the Purchased Assets that was contacted as part of the Sale process, (vii) all entities known to have any asserted lien, claim, encumbrance, alleged interest in or with respect to the Purchased Assets, (viii) all applicable federal, state and local taxing authorities; and (ix) all other entities that have filed requests for notices pursuant to Bankruptcy Rule 2002.

E. The Debtors (i) have full corporate power and authority to execute the Asset Purchase Agreement and all other documents contemplated by the Motion, (ii) have all of the corporate power and authority necessary to consummate the transactions contemplated by the

Motion and the Asset Purchase Agreement and (iii) have taken all corporate action necessary to authorize and approve the Sale and the consummation by the Debtors of the transactions contemplated thereby.

F. The Debtors have demonstrated sound business justifications for the Sale and the other transactions and actions contemplated by the Motion pursuant to section 363(b) of the Bankruptcy Code.

G. Each of the Sale, the Management Agreement and the Asset Purchase Agreement were negotiated, proposed and agreed to by the Debtors and the Buyer as parties thereto without collusion, in good faith, and from arm's-length bargaining positions. The Buyer is a good faith purchaser under section 363(m) of the Bankruptcy Code and, as such is entitled to all of the protections afforded thereby.

H. The consideration provided by the Buyer for the Purchased Assets (i) is fair and reasonable, (ii) is the highest or otherwise best offer for the Purchased Assets and (iii) will provide a greater recovery for the Debtors' creditors and other interested parties than would be provided by any other practically available alternative.

I. The transfer of the Purchased Assets to the Buyer under the Sale and the Asset Purchase Agreement will be a legal, valid, and effective transfer of such Purchased Assets, and will, upon the occurrence of the Closing (as defined in the Asset Purchase Agreement), vest in the Buyer all right, title and interest of the Debtors in the Purchased Assets free and clear of all Encumbrances and interests other than the Permitted Encumbrances (in each case, as defined in the Asset Purchase Agreement) (collectively, the "Interests") including, but not limited to, those (i) that purport to give to any party a right or option to give any of the foregoing in the future, any sale or contingent sale or title retention agreement or lease, or termination of the Debtors' or

the Buyer's interest in the Purchased Assets, or any similar rights, and (ii) relating to taxes arising under or out of, in connection with, or in any way relating to the operation of the Debtors' businesses prior to the Closing Date (as defined in the Asset Purchase Agreement).

J. The transfer of the Purchased Assets to the Buyer free and clear of all Interests will not result in any undue burden or prejudice to any holders of any Interests since all such Interests of any kind or nature whatsoever shall attach to the net proceeds of the Sale (the "Sale Proceeds") in the order of their priority, with the same validity, force and effect which they now have as against the Purchased Assets, subject to the Carveout (as defined in the Final Order Authorizing Debtors In Possession to Enter Into Post-Petition Credit Agreement and Obtain Post-Petition Financing Pursuant to Section 363 and 364 of the Bankruptcy Code, and Providing Adequate Protection and Granting Liens, Security Interests and Superpriority Claims, dated May 14, 2001 and entered in these cases) and to any claims and defenses the Debtors or other parties may possess with respect thereto.

K. The Buyer would not consummate the transactions contemplated by the Sale, thus adversely affecting the Debtors, their estates, and their creditors, if the Sale of the Purchased Assets to the Buyer was not free and clear of all Interests of any kind or nature whatsoever, or if the Buyer would, or in the future could, be liable for any such Interests and if the assignment of the Purchased Assets could not be made under section 363 of the Bankruptcy Code.

L. The Debtors may sell the Purchased Assets free and clear of all Interests of any kind or nature whatsoever because, in each case, one or more of the standards set forth in section 363(f) of the Bankruptcy Code has been satisfied. Those (i) holders of Interests and (ii) non-debtor parties who did not object, or who withdrew their objections, to the Sale, the Sale of the Purchased Assets or the Motion are deemed to have consented pursuant to Bankruptcy Code

section 363(f)(2). Those holders of Interests fall within one or more of the other subsections of Bankruptcy Code section 363(f) and are adequately protected by having their Interests, if any, attach to the proceeds of the Sale ultimately attributable to the property against or in which they claim or may claim an Interest. Notwithstanding anything contained herein or in the Asset Purchase Agreement to the contrary, the Sale of the Purchased Assets is subject to the consent of the DIP Lenders.

M. Due to the regulated environment in which certain of the Purchased Assets are operated, the entry of this Sale Order is necessary to ensure the uninterrupted provision of services to customers of the Debtors (the “Customers”) during the period in which the Buyer and the Debtors seek to comply with the applicable federal and state regulatory laws and to enter into contractual or other legal arrangements necessary for the consummation of the Sale, the transfer of the Licenses (as defined below) to the Buyer and the operation of the Purchased Assets by the Buyer (the “Compliance Items”).

N. Approval at this time of the Sale, the Asset Purchase Agreement and the Management Agreement, and all the transactions contemplated thereby and hereby (including the Regulatory Transition Process) is in the best interests of the Debtors, their creditors, their estate and other parties in interest.

NOW THEREFORE, BASED UPON THE FOREGOING FINDINGS OF FACT, IT IS HEREBY ORDERED, ADJUDGED, AND DECREED, EFFECTIVE IMMEDIATELY, THAT:

1. The Motion is granted, as further described herein.
2. All objections to the Motion or the relief requested therein that have not been withdrawn, waived, or settled, and all reservations of rights included therein, are overruled on the merits, provided, however, that nothing herein shall alter or impair the rights of any party

that has filed and served a timely objection to dispute the amount of a cure payment listed on an applicable Cure Notice, which rights are specifically reserved and which disputes shall be resolved either consensually or, as necessary, by further order of the Court. Notwithstanding anything in the Motion, the Asset Purchase Agreement or this Sale Order to the contrary, the Debtors shall not be authorized to assume and assign any executory contract(s) between any of the Debtors and the United States General Services Administration (the "GSA") without the prior consent of a person authorized to act on behalf of the GSA to the extent such consent is required by any contract or applicable law.

3. The Asset Purchase Agreement substantially in the form attached as Exhibit A to the Notice of Filing of Asset Purchase Agreement, dated December 18, 2001 (including all exhibits, schedules and annexes thereto), and all of the terms and conditions thereof, are hereby approved.

4. Pursuant to section 363(b) of the Bankruptcy Code, the Debtors are authorized to consummate the Sale of the Purchased Assets, pursuant to and in accordance with the terms and conditions of the Asset Purchase Agreement, to enter into the Management Agreement and to implement the Regulatory Transition Process.

5. The Debtors are authorized to execute and deliver, and are empowered to perform under, consummate and implement, the Asset Purchase Agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to implement the Asset Purchase Agreement (including the Management Agreement), and to take all further actions as may be requested by the Buyer for the purpose of assigning, transferring, granting, conveying and conferring to the Buyer or reducing to possession, the Purchased Assets, or as may be necessary or appropriate to the performance of the obligations as contemplated by

the Asset Purchase Agreement, including without limitation the implementation of the Regulatory Transition Process. Notwithstanding anything in the Motion, the Asset Purchase Agreement or this Sale Order to the contrary, the Buyer assumes no employee liabilities that arose prior to the Closing Date, including any accrued but unbilled liabilities.

6. The transfer of the Purchased Assets to the Buyer pursuant to, and subject to the terms of, the Asset Purchase Agreement shall constitute a legal, valid and effective transfer of the Purchased Assets, and shall, upon the occurrence of the Closing, vest in the Buyer all right, title and interest of the Debtors in and to the Purchased Assets to be acquired by such Buyer free and clear of all Interests of any kind or nature whatsoever, with all such Interests to attach to the Sale Proceeds in the order of their priority, with the same validity, force and effect which they now have as against the Purchased Assets, subject to the Carveout and to any claims and defenses the Debtors or other parties may possess with respect thereto.

7. In consideration for the Purchased Assets, and subject to the terms and conditions of the Asset Purchase Agreement, the Buyer shall assume the Assumed Liabilities (as defined therein) and, on the Closing Date, shall irrevocably (i) pay, at the Debtors' election, exercised prior to the Closing Date, (x) an amount in cash equal to \$38,000,000 (the "Cash Payment") or (y) an amount in cash equal to \$30,000,000 and cause to be issued to the Debtors a number of shares of Class B common stock of IDT Corporation, having a value equal to \$12,500,000 based on the average closing price of such stock during the seven trading day period ended December 14, 2001 (the "IDT Shares", and together with the \$30,000,000, the "Cash/Stock Payment"), and (ii) issue to the Debtors such number of shares of common stock of the Buyer, representing 5% of the outstanding shares of Buyer Common Stock as of the date hereof, all in accordance with the terms and conditions of the Asset Purchase Agreement.

Pursuant to the Escrow Agreement (as defined in the Asset Purchase Agreement), which is hereby approved, on or before the date of this Sale Order, the Buyer shall deliver or shall have delivered the Cash Payment to the Escrow Agent (as defined in the Asset Purchase Agreement) to be held in escrow pending Closing. On the Closing Date, the Debtors and the Buyer shall instruct the Escrow Agent to promptly release the Escrow Amount (as defined in the Asset Purchase Agreement) to an account or accounts designated by the Debtors, on behalf of the Debtors in accordance with the terms of the Escrow Agreement. Such account shall be an interest-bearing account in the name of one or more of the Debtors established at Citibank, N.A. for the purpose of receiving such funds (the "Proceeds Account"). The Sale Proceeds shall be maintained in the Proceeds Account and shall not be distributed to any party in interest, including professionals and secured parties, pending further order of the Court following notice and a hearing. Accrued interest on such funds shall constitute part of the Sale Proceeds available for distribution. The Buyer shall have no claim whatsoever to or against any of the funds in the Proceeds Account or to the IDT Shares or the Buyer Common Stock subsequent to the Closing. Any allocation of the Purchase Price agreed to by the Debtors and the Buyer shall not be binding on any other party.

8. On the Closing Date, the Buyer and the Debtors shall enter into the Management Agreement, and the Buyer shall deposit into an account at Citibank, N.A. (the "Operating Account") an amount in cash equal to \$60 million in immediately available funds, to be used from and after the Closing Date through and including the Cutoff Date (as defined in the Management Agreement) exclusively to pay all costs set forth in subsection 3.1(a) of the Management Agreement. In the event that the Buyer shall fail to pay, as and when due, any such costs and the Debtors shall be held liable therefore, the Buyer hereby agrees to indemnify the

Debtors for all such costs. In the event that any funds shall be on deposit in the Account (as defined in the Management Agreement) after the Cutoff Date, and all accrued and unpaid costs required to be paid in accordance with the Management Agreement shall have been paid, any balance may, upon five (5) days' written notice to the Debtors, the Agent for the Postpetition Lenders and such telecommunications service providers that shall send written request to the Buyer requesting such notice and the Buyer shall provide such notice to each party to the extent such party shall continue to provide services to the Debtors or the Buyer, be withdrawn by the Buyer.

9. Except as expressly permitted or otherwise specifically provided for in the Asset Purchase Agreement or this Sale Order, effective upon the occurrence of the Closing, all persons and entities, including, but not limited to, all debt security holders, equity security holders, governmental, tax and other regulatory authorities, lenders, trade and other creditors holding Interests (including but not limited to any claims under any applicable revenue, pension, ERISA, tax, labor, environmental or natural resource law, rule or regulation, or any products liability law) of any kind or nature whatsoever against or in the Debtors or the Purchased Assets (whether legal or equitable, secured or unsecured, matured or unmatured, contingent or non-contingent, liquidated or unliquidated, senior or subordinated), arising under or out of, in connection with, or in any way relating to, the Debtors, the Purchased Assets, the operation of the Debtors' businesses prior to the Closing Date of the Sale of the Purchased Assets, or the transfer of such Purchased Assets to the Buyer, hereby are forever barred, estopped, and permanently enjoined from asserting against the Buyer, its successors or assigns (to the extent allowed by law), its property, its officers, directors and shareholders or the Purchased Assets, such persons' or entities' Interests. Notwithstanding anything herein to the contrary, nothing

herein shall in any way affect or diminish any rights of the Debtors or any successor thereto (including any chapter 11 or chapter 7 trustee) with respect to obligations of the Buyer arising under the Asset Purchase Agreement, the Management Agreement or this Sale Order. This Sale Order shall be binding on the Debtors and the Debtors' estates, including, following any conversion of these cases, any successor chapter 7 estates, and any chapter 7 trustees appointed in these cases.

10. The consideration provided by the Buyer for the Purchased Assets under the Asset Purchase Agreement shall be deemed to constitute reasonably equivalent value and fair consideration under the Bankruptcy Code and under the laws of the United States, any state, territory, possession or the District of Columbia.

11. Notwithstanding any provision to the contrary in this Sale Order, the Motion or the Asset Purchase Agreement, certain prototype laboratory equipment (as listed on Exhibit A hereto, the "Lab Equipment") and certain disbursement and investment accounts established in connection with the Lucent Credit Agreement (as listed on Exhibit B hereto, the "Accounts") shall be segregated from the Debtors' other assets, shall not constitute part of the Purchased Assets and shall not be included in the Sale. Nothing in this Sale Order, the Motion or the Asset Purchase Agreement shall impair or affect the rights and interests of Lucent in the Lab Equipment and the Accounts. The Buyer hereby reserves the right, subject to notice and a hearing, to seek to characterize the Lab Equipment as owned by the Debtors, and to the extent an Order so providing is entered by the court, the Lab Equipment shall constitute Purchased Assets.

12. This Sale Order (a) shall be effective as a determination that, on the Closing Date, and subject to the occurrence of the Closing, all Interests of any kind or nature whatsoever existing prior to the Closing as to the Purchased Assets transferred pursuant to the

Asset Purchase Agreement (including but not limited to any claims under any applicable revenue, pension, ERISA, tax, labor, environmental or natural resource law, rule or regulation, or any products liability law) have been unconditionally released and terminated as to such Purchased Assets, and that the conveyances described herein have been effected, and (b) shall be binding upon and shall govern the act of all entities, including without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, administrative agencies, governmental departments, secretaries of state, federal, state, and local officials, and all other persons and entities who may be required by operation of law, the duties of their office, or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Purchased Assets.

13. Each and every federal, state and local governmental agency, department or unit is hereby directed to accept any and all documents and instruments necessary and appropriate to consummate the transactions contemplated by the Asset Purchase Agreement, except the FCC as regards its approval of the transfer of the Licenses.

14. Except as expressly permitted or otherwise specifically provided for in the Asset Purchase Agreement or this Sale Order in respect of the Asset Purchase Agreement or the Purchased Assets to be transferred pursuant to such Asset Purchase Agreement, the Buyer shall have no liability or responsibility for any liability or other obligation of the Debtors arising under or related to such Purchased Assets and, to the extent allowed by law, the Buyer (and its officers, managers and members) shall not be liable for any other claims against the Debtors or any of their predecessors or affiliates, and the Buyer shall have no successor or vicarious liabilities of any kind or character whether known or unknown as of the Closing Date under the Asset

Purchase Agreement, now existing or hereafter arising, whether fixed or contingent, with respect to the Debtors or any obligations of the Debtors, other than the Permitted Encumbrances, arising prior to the Closing Date under the Asset Purchase Agreement, including, but not limited to, any liabilities under any revenue, pension, ERISA, tax, labor, environmental or natural resource law, rule or regulation, or any products liability law, arising, accruing, or payable under, out of, in connection with, or in any way relating to the operation of the Debtors' businesses prior to the Closing Date. After the Closing and the payment of the Purchase Price, the Buyer shall have no liability to the Debtors or their estates for any diminution in value or other damage of any kind whatsoever to the Regulated Assets or the Licenses that may result from the Buyer's operation of the Debtors' business.

15. This Court retains and shall have exclusive jurisdiction to endorse and implement the terms and provisions of the Asset Purchase Agreement, all amendments thereto, any waivers and consents thereunder, and each of the agreements executed in connection therewith (including the Management Agreement) in all respects, including, but not limited to, retaining jurisdiction to (a) compel delivery of the Purchased Assets to the Buyer, (b) compel delivery of the purchase price or performance of other obligations owed to the Debtors, (c) resolve any disputes arising under or related to the Asset Purchase Agreement, and (d) interpret, implement, and enforce the provisions of the Asset Purchase Agreement and this Sale Order.

16. The transactions contemplated by the Asset Purchase Agreement are undertaken by the Buyer in good faith, as that term is used in section 363(m) of the Bankruptcy Code, and accordingly, the reversal or modification on appeal of the authorization provided herein to consummate the Sale of any Purchased Assets shall not affect the validity of the Sale of such Purchased Assets to the Buyer, unless such authorization is duly stayed pending such

appeal prior to the Closing with respect to such Purchased Assets. The Buyer is a purchaser in good faith of the Purchased Assets, and the Buyer is entitled to all of the protections afforded by section 363(m) of the Bankruptcy Code.

17. The terms and provisions of the Asset Purchase Agreement and this Sale Order shall be binding in all respects upon, and shall inure to the benefit of, the Debtors, their estates, and their creditors, the Buyer and their respective affiliates, successors and assigns and any affected third parties (including, but not limited to, all persons asserting Interests in the Purchased Assets to be sold to the Buyer pursuant to the Asset Purchase Agreement), notwithstanding any subsequent appointment of any trustee(s) under any chapter of the Bankruptcy Code, as to which trustee(s) such terms and provisions likewise shall be binding.

18. The failure specifically to include any particular provisions of the Asset Purchase Agreement in this Sale Order shall not diminish or impair the effectiveness of such provisions, it being the intent of the Court that the Asset Purchase Agreement be authorized and approved in its entirety. To the extent that any provision of this Sale Order is inconsistent with the Asset Purchase Agreement or the Management Agreement, the terms of this Sale Order shall control.

19. The Asset Purchase Agreement and any related agreements, documents or other instruments may be modified, amended or supplemented by the parties in accordance with the terms thereof, without further order of the Court, provided that any such modification, amendment or supplement does not have a material adverse effect on the Debtors' estates and is, if occurring prior to the Closing Date, approved by counsel for each of the Creditors' Committee, the agent for the lenders under the Pre-Petition Credit Agreement, and the agent for the lenders under the DIP Credit Agreement. The Debtors shall also notify counsel for Lucent of any

modification, amendment or supplement to the Asset Purchase Agreement and, if such modification, amendment or supplement impairs or adversely affects Lucent's rights as a secured creditor in these chapter 11 cases, shall obtain Lucent's prior consent thereto.

20. The transfer of the Purchased Assets pursuant to the Asset Purchase Agreement, and the transactions contemplated thereby constitute steps toward the formulation, or in anticipation of the formulation of, a chapter 11 plan for the Debtors and as such, in accordance with section 1146(c) of the Bankruptcy Code, the making or delivery of any instrument of transfer to effectuate the Asset Purchase Agreement and the transactions contemplated thereby shall not be taxed under any law imposing a stamp tax or a sale, transfer or any other similar tax, and the recordation of any instruments (including bills of sale, leases, assignments and amendments thereto) to evidence the Sale of the Purchased Assets shall not be subject to any such tax.

21. All of the Debtors' interests in the Purchased Assets to be acquired by the Buyer under the Asset Purchase Agreement shall be, as of the Closing Date and upon the occurrence of the Closing, transferred to and vested in the Buyer. Upon the occurrence of the Closing, this Sale Order shall be considered and constitute for any and all purposes a full and complete general assignment, conveyance and transfer of the Purchased Assets acquired by the Buyer under the Asset Purchase Agreement and/or a bill of sale or assignment transferring good and marketable, indefeasible title and interest in the Purchased Assets acquired by the Buyer under the Asset Purchase Agreement to the Buyer.

22. As of the Closing Date, the Buyer shall be hereby granted immediate and unfettered access to the Purchased Assets (other than the Licenses) acquired by the Buyer.

Regulatory Transition Process

23. The Debtors and the Buyer shall have a period (the “Regulatory Compliance Period”) of one hundred-twenty (120) days (subject to extension) from the Closing Date to obtain the requisite federal and state regulatory approvals necessary to operate the Business and to enter into contractual or other legal arrangements necessary for the consummation of the Sale, transfer of the Licenses and the Regulated Assets (as defined below) to the Buyer and the operation of the Purchased Assets by the Buyer (the “Compliance Items”). In order to ensure the uninterrupted provision of services to the Customers during the Regulatory Compliance Period, and the orderly transfer of the Licenses and, to the extent required by any other applicable law, any other assets subject to similar transfer restrictions (the “Regulated Assets”) to the Buyer, the Buyer, the Debtors and all providers of goods and services to the Debtors, including but not limited to the common carrier service providers that provide services to the Debtors and any landlords of properties used by the Debtors (the “Service Providers”) are hereby authorized and directed as follows:

a. As soon as practicable following the entry of this Sale Order, the Debtors and the Buyer are directed to file such applications as are required to seek the federal and state regulatory authority necessary for the Debtors to assign, and the Buyer to acquire, own and operate, the Licenses and the Regulated Assets.

b. On the Closing Date, the Buyer and the Debtors are directed to enter into a Management Agreement substantially in the form appended as Exhibit E to the Asset Purchase Agreement, pursuant to which the Buyer shall be entitled to manage and operate the business of the Debtors during the Regulatory Compliance Period on the terms and conditions set forth therein.

c. From the Closing Date to the Cutoff Date, all agreements and other arrangements with Service Providers relating to the Debtors providing service to Customers shall, subject to compliance with paragraph (d) below, remain in effect and

may not be canceled or terminated, and absent an event of default occurring after the Closing Date in respect of facts arising after the Closing Date that has not been cured within three (3) business days after written notice (by email and facsimile) thereof has been received by the Buyer (Attention: Chief Financial Officer, email: steveb@corp.idt.net, facsimile: 973-438-1414, and McDermott, Will & Emery, Attention: David C. Albalah, Esq., email: dalbalah@mwe.com, facsimile: 212-574-5444), no Service Provider shall reduce or otherwise alter in any adverse manner its performance under any such agreement(s) or arrangement(s) until the Cutoff Date.

d. The Buyer shall be responsible for, and is directed to pay on a timely basis, all charges incurred for services used by the Debtors to provide services to the Customers from the Closing Date to the Cutoff Date, including all charges incurred with respect to Service Providers. The rates charged by Service Providers for such services shall not exceed the rates for those services in effect as of the date of this Sale Order. Neither the Debtors or Buyer shall have any obligation or liability for services not actually being utilized and each Service Provider shall, upon written notice from the Debtors and the Buyer, immediately and without charge or further liability of any kind discontinue and disconnect any such services provided to the Debtors and/or the Buyer.

e. The Buyer is further authorized to promptly establish such contractual or other legal arrangements as the Buyer and the Debtors deem necessary to operate the Debtors' assets and to provide service to Customers (including interconnection and other common carrier service agreements with Service Providers) and that will permit Buyer to provide service to Customers in a manner similar to the manner in which the Debtors provided such service prior to the date of this Sale Order and that will enable the Customers to continue to receive service in an uninterrupted and transparent manner.

f. During the 120-day period commencing on the Closing Date, in the event that any contract with any Service Provider that is a telecommunications carrier shall be rejected: (i) no termination liabilities shall arise; (ii) such telecommunications carrier

shall provide telecommunications services in accordance with, and to the extent required by, applicable law in a non-discriminatory manner; and (iii) such telecommunications carrier will charge the Buyer for replacement circuits the lower of actual costs and tariff rates to set up or establish such replacement circuits.

24. The Buyer is hereby directed to pay all costs of the ongoing operations of the Business in accordance with the Management Agreement. The Buyer shall have the ability during the Regulatory Compliance Period to direct the Debtors to seek the entry of one or more orders of the Court authorizing the Debtors to assume and assign to the Buyer any executory contract or unexpired lease to which the Debtors are a party, provided that the Buyer shall be solely responsible for paying any cure payment that is payable in connection with any such assumption and assignment. The Buyer shall have the ability during the Regulatory Compliance Period to direct the Debtors to reject any executory contract or unexpired lease to which the Debtors are a party provided that the Buyer must elect whether to assume and assign or reject any contracts with the GSA and must provide written notice of such election to the GSA on or before January 2, 2002. The Debtors may effect any such rejection by delivery of two (2) business days prior written notice (and the irrevocable waiver of the right to withdraw such notice) to the non-Debtor party to any such executory contract or unexpired lease of the Debtors' unequivocal intent to reject such executory contract or unexpired lease. In the event that the Buyer elects to reject any contract on account of which a prepayment has been made pursuant to Section 3.1(a) of the Management Agreement, the counterparty to such contract shall be obligated to refund promptly to the Buyer (without setoff or counterclaim) the unused portion of such prepayment and in the event of any dispute with respect thereto, the Buyer reserves the right to seek adjudication in the Bankruptcy Court. In the event that the Buyer elects rejection of

some or all of Debtors' contracts with the GSA, the Buyer agrees that it will continue to provide telecommunications services to GSA until GSA has received sixty (60) days' notice of discontinuance, or such longer period as the FCC requires. In all other respects, the Buyer shall manage the operations of the Business and shall be responsible for such operation pursuant to the terms and subject to the conditions of the Asset Purchase Agreement and the Management Agreement. The period within which the Debtors may elect to assume or reject unexpired leases of nonresidential real property under Bankruptcy Code section 365(d)(4) is hereby extended through the duration of the Term.

25. Upon receipt of the required regulatory approvals and establishment of the necessary service agreements and arrangements, the Debtors are authorized to convey the Licenses and the Regulated Assets to the Buyer, in accordance with the terms and conditions of the Asset Purchase Agreement and the Management Agreement.

26. As provided by Rules 6004(g) and 6006(d) of the Federal Rules of Bankruptcy Procedure, the effectiveness of this Sale Order shall not be stayed for 10 days after entry on the docket and shall be effective and enforceable immediately upon such entry. The Buyer and the Debtors shall consummate the Sale as promptly as is practicable following Court approval of this Sale Order, so long as no stay of this Sale Order has been entered and is continuing.

Dated: Wilmington, Delaware
December ____, 2001

HONORABLE JOSEPH J. FARNAN, JR.
UNITED STATES DISTRICT JUDGE

EXHIBIT B

**Notice Letter
(Dated February 14, 2002)**

**IMPORTANT NOTICE REGARDING A CHANGE IN YOUR WINSTAR BROADBAND
COMMUNICATIONS SERVICES**

February 14, 2002

Dear Valued Winstar Customer:

As outlined in our letter to you of December 19, 2001, Winstar ("former Winstar") has entered into an agreement to sell a substantial portion of its domestic telecommunications business to IDT Corporation. IDT is a leading multinational telecommunications company with strong financial resources and a national telecommunications network. As the eighth largest US-based telecommunications provider, IDT carries over 8 billion minutes of telecommunications traffic a year.

The new Winstar -- Winstar Communications, LLC -- will function as an independent entity under IDT and will continue to operate Winstar's high quality broadband network. You will continue to receive all of the features, terms and conditions of service, and current rates that you enjoy today. In the months and years ahead, we will work to leverage the resources of IDT to deliver new offerings and other opportunities for your business. Of course, notices of any adjustment in rates, terms or conditions of service will be provided to you as required by law.

Subject to final regulatory approval, the anticipated date for the transfer of your service from the former Winstar to Winstar Communications, LLC is April 15, 2002. This transfer of your service will be transparent and without charge to you. Your current services, telephone number(s), and contract terms will remain unchanged, and Winstar Communications, LLC will take over the responsibility for assuring that any questions or concerns about your service are addressed.

We look forward to continuing to provide you with quality service for many years to come. Be assured that any "freeze" you have placed on Winstar's services to prevent their unauthorized transfer to another carrier will be maintained. You remain in control of and have the right to select another carrier for your services consistent with the terms of your contract.

If you have any questions regarding this notice or any of Winstar's services, please contact a Winstar representative by telephone at 888-961-8800 or by e-mail at info@winstar.com.

Sincerely,

Charles H.F. Garner
Chief Executive Officer
Winstar Communications, LLC

EXHIBIT C

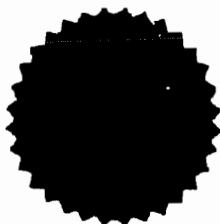
Certificate of Formation of New Winstar

Delaware

PAGE 1

The First State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF FORMATION OF "WINSTAR COMMUNICATIONS, LLC", FILED IN THIS OFFICE ON THE THIRTY-FIRST DAY OF DECEMBER, A.D. 2001, AT 5:22 O'CLOCK P.M.



3475554 8100

010678723

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 1534629

DATE: 12-31-01

CERTIFICATE OF FORMATION
OF
WINSTAR COMMUNICATIONS, LLC

1. The name of the limited liability company is Winstar Communications, LLC.
2. The address of its registered office in the State of Delaware is 1209 Orange Street, in the City of Wilmington, County of New Castle, Zip Code 19801. The name of its registered agent at such address is The Corporation Trust Company.

IN WITNESS WHEREOF, the undersigned has executed this Certificate of Formation on this 31st day of December, 2001.

/s/ JOEL RUBINSTEIN
Joel Rubinstein, Authorized Person

CONSENT TO USE OF NAME

Winstar Communications, Inc., a Delaware corporation, hereby consents to the organization of Winstar Communications, LLC as a Delaware limited liability company.

IN WITNESS WHEREOF, the undersigned has caused this consent to be executed this 31st day of December, 2001.

WINSTAR COMMUNICATIONS, INC.

By: /S/ TIMOTHY R. GRAHAM
Name: Timothy R. Graham
Title: Executive Vice President

EXHIBIT D

Authority to Transact Business in South Dakota

State of South Dakota



OFFICE OF THE SECRETARY OF STATE

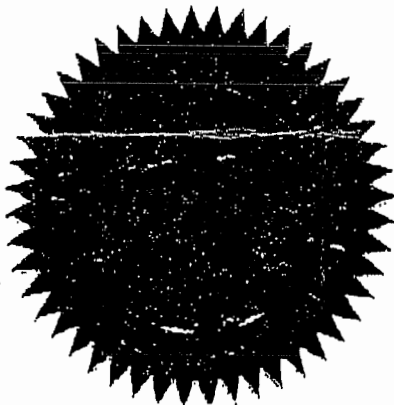
Certificate of Authority Limited Liability Company

ORGANIZATIONAL ID #: FL001180

I, **JOYCE HAZELTINE**, Secretary of State of the State of South Dakota, hereby certify that duplicate of the Application for a Certificate of Authority of **WINSTAR COMMUNICATIONS, LLC (DE)** to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Limited Liability Company Act, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I hereby issue this Certificate of Authority and attach hereto a duplicate of the application for certificate of authority.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this February 13, 2002.



A handwritten signature in cursive script that reads "Joyce Hazeltine".

Joyce Hazeltine
Secretary of State

SECRETARY OF STATE
STATE CAPITOL
500 E. CAPITOL AVE.
PIERRE, S.D. 57501
(605)773-4845
FAX (605)773-4550

CERTIFICATE OF AUTHORITY APPLICATION
OF A
FOREIGN LIMITED LIABILITY COMPANY

RECEIVED
FEB 13 2002

1. The name of the foreign Limited Liability Company is: Winstar Communications, LLC

2. The name of the state or country under whose law it is organized is: Delaware

3. The street address of its principal office is: 1850 M Street NW, Suite 300, Washington, DC 20036

4. The address of its initial designated office in South Dakota is: 319 South Coteau Street, Pierre, SD 57501

5. The name and street address of its initial agent for service of process in South Dakota is: 319 South Coteau Street, Pierre, SD 57501

6. The date of organization is: 12/31/01, and the period of duration is: Perpetual

7. If the company is manager-managed, rather than member-managed, the name and address of each initial manager:
Charles Garnor, 520 Broad Street, Newark, New Jersey 07102-3111

8. Whether one or more of the members of the company are to be liable for its debts and obligations under a provision similar to SDCL 47-34A-303 (c).
No

The application must be signed by a member if the company is a member-managed company or by a manager if its a manager-managed company.

Date: 2-7-02


(Signature and Title) Manager

FILING INSTRUCTIONS:

- The application for authority must be accompanied by the first Annual Report.
- One original and one exact or conformed copy must be submitted.
- The application must be accompanied by an original, currently dated *Certificate of Good Standing or Existence* from the Secretary of State in the state where it is organized.

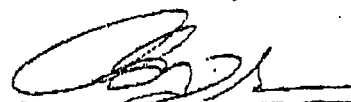
SECRETARY OF STATE
STATE CAPITOL
500 E. CAPITOL AVE.
PIERRE, S.D. 57501
(605)773-4845
FAX (605)773-4550

FIRST ANNUAL REPORT
OF A
LIMITED LIABILITY COMPANY

1. The name of the Limited Liability Company is: Winstar Communications, LLC
2. The state or country under whose law it is organized is: Delaware
3. The address of its registered office and the name of its registered agent for service of process in South Dakota is:
CT Corporation System, 319 South Coteau Street, Pierre, SD 57501
4. The address of its principal office is: 1850 M Street NW, Suite 300, Washington, DC 20036
5. The names and business addresses of any managers:
Charles Garner, 520 Broad Street, Newark, New Jersey 07102-3111

6. The dollar amount of the total agreed contributions to the Limited Liability Company is \$ 10,000.00

Date: 2-7-02



(Signature and Title) Manager

* FILING FEE:

AGREED CONTRIBUTION	FEE
Not in excess of \$50,000	\$ 90
\$50,001 to \$100,000	\$150
In excess of \$100,000	\$150 for first \$100,000 plus \$.50 for each additional \$1,000

The maximum amount charged may not exceed sixteen thousand dollars (\$16,000.).

EXHIBIT E

Management Biographies

Directors and Executive Officers of IDT Corporation

The current directors and executive officers of IDT Corporation are as follows:¹

<u>Name</u>	<u>Position</u>
Howard S. Jonas	Treasurer and Chairman of the Board
James A. Courter	Chief Executive Officer and Vice Chairman of the Board
Ira A. Greenstein	President
Michael Fischberger	Chief Operating Officer and Director
Stephen R. Brown	Chief Financial Officer and Director
Joyce J. Mason	Senior Vice President, General Counsel, Secretary and Director
Marc E. Knoller	Senior Vice President and Director
Moshe Kaganoff	Executive Vice President of Strategic Planning and Director
Geoffrey Rochwarger	Executive Vice President of Telecommunications and Director
Morris Lichtenstein	Executive Vice President of Business Development
Charles Garner	Executive Vice President of New Ventures
Jonathan Levy	Executive Vice President of Corporate Development
Meyer A. Berman	Director
J. Warren Blaker	Director
Saul K. Fenster	Director
Admiral William Owens	Director
William F. Weld	Director
Paul Reichmann	Director
Michael J. Levitt	Director

Executive Officers of Winstar Communications, LLC (and its state subsidiaries)

<u>Name</u>	<u>Position</u>
Brian Finkelstein	Chief Executive Officer
Joyce J. Mason	Secretary and Treasurer

¹ Excludes Denis Bovin, a current Director who is not standing for re-election.

Biographical Data

Set forth below is biographical information with respect to IDT Corporation's management.

Howard S. Jonas founded IDT in August 1990 and has served as Chairman of the Board and treasurer since its inception. Mr. Jonas served as Chief Executive Officer of IDT Corporation from December 1991 until the Restructuring and as President of IDT Corporation from December 1991 through September 1996. Since the Restructuring, Mr. Jonas has also served as the Chairman of the Boards of Directors of IDT Telecom, Inc. and IDT Ventures, Inc. Mr. Jonas is also the founder and has been President of Jonas Publishing Corp. ("Jonas Publishing"), a publisher of trade directories, since its inception in 1979. Mr. Jonas became the Chairman of the Board of Directors of Net2Phone, Inc. in October 2001. Mr. Jonas received a B.A. in Economics from Harvard University. 5

James A. Courter joined IDT Corporation in October 1996 and served as President of IDT Corporation from October 1996 until the Restructuring. Since the Restructuring, Mr. Courter has served as the Chief Executive Officer of IDT Corporation. Mr. Courter has also been a director of IDT Corporation since March 1996 and has been Vice Chairman of the Board of Directors of IDT Corporation since March 1999. In addition, since the Restructuring, Mr. Courter has served as a director of IDT Telecom, Inc. and as the treasurer and a director of IDT Ventures, Inc. Mr. Courter has been a senior partner in the New Jersey law firm of Courter, Kobert, Laufer & Cohen since 1972. He was also a partner in the Washington, D.C. law firm of Verner, Liipfert, Bernhard, McPherson & Hand from January 1994 to September 1996. Mr. Courter was a member of the U.S. House of Representatives for 12 years, retiring in January 1991. From 1991 to 1994, Mr. Courter was Chairman of the President's Defense Base Closure and Realignment Commission. Mr. Courter also serves as a director of Net2Phone, Inc. and The Berkeley School. He received a B.A. from Colgate University and a J.D. from Duke University Law School.

Ira A. Greenstein joined IDT Corporation in January 2000 and served as Counsel to the Chairman until the Restructuring. Since the Restructuring, Mr. Greenstein has served as the President of IDT Corporation. Prior to joining IDT Corporation, Mr. Greenstein was a partner in the law firm of Morrison & Foerster LLP from February 1997 to November 1999 where he served as the Chair of that firm's New York Office Business Department. Concurrently, Mr. Greenstein served as General Counsel and Secretary of Net2Phone from January 1999 to November 1999. Prior to 1997, Mr. Greenstein was an associate in the New York and Toronto offices of Skadden, Arps, Slate, Meagher & Flom LLP. Mr. Greenstein also served on the Securities Advisory Committee to the Ontario Securities Commission from 1992 to 1996. From 1991 to 1992, Mr. Greenstein also served as counsel to the Ontario Securities Commission. Mr. Greenstein serves on the Board of Overseers of Touro College. Mr. Greenstein received a B.S. from Cornell University and a J.D. from Columbia University Law School.

Michael Fischberger has served as Chief Operating Officer and has been a director of IDT Corporation since June 2001. Prior to his current position, Mr. Fischberger served as the Executive Vice President of Operations for IDT Corporation from January 2000 to June 2001. Mr. Fischberger also served as IDT Corporation's Senior Vice President of Domestic Telecommunications and Internet Services from 1993 to 2000. Since the Restructuring, Mr. Fischberger has also served as Executive Vice President of Operations for IDT Telecom, Inc. Mr. Fischberger is a director of Net2Phone, Inc.

Stephen R. Brown joined IDT Corporation as its Chief Financial Officer in May 1995 and has been a director of IDT Corporation since February 2000. From 1985 to May 1995, Mr. Brown operated his own public accounting practice servicing medium-sized corporations as well as high net worth individuals. Mr. Brown became a director of Net2Phone, Inc. in October 2001. Mr. Brown received a B.A. in Economics from Yeshiva University and a B.B.A. in Business and Accounting from Baruch College.

Joyce J. Mason is Secretary and Treasurer of Advanced Communication Services, LLC and all of its newly-formed Winstar subsidiaries, including Winstar Communications, LLC and its state operating subsidiaries. Ms. Mason has served as IDT Corporation's Senior Vice President since December

Biographical Data

1998 and as General Counsel, Secretary and a director of IDT Corporation since its inception and as a director of IDT Corporation's predecessor since its inception to March 1996. Prior to joining IDT Corporation, Ms. Mason had been in private legal practice. Ms. Mason became a director of Net2Phone, Inc. in October 2001. Ms. Mason received a B.A. from the City University of New York and a J.D. from New York Law School.

Marc E. Knoller has been a director of IDT Corporation since March 1996 and Senior Vice President since December 1998. Mr. Knoller joined IDT Corporation as a Vice President in March 1991 and also served as a director of its predecessor since such time. From 1988 until March 1991, Mr. Knoller was director of national sales for Jonas Publishing. Mr. Knoller has served as Vice President of Jonas Publishing from 1991 until the present. Mr. Knoller received a B.B.A. from Baruch College.

Moshe Kaganoff has served as IDT Corporation's Executive Vice President of Strategic Planning since January 2000 and has been a director of IDT Corporation since March 1999. From April 1994 through July 1998, Mr. Kaganoff served as IDT Corporation's Manager of Operations. Since the Restructuring, Mr. Kaganoff has also served as Executive Vice President of Strategic Planning for each of IDT Telecom, Inc. and IDT Ventures, Inc. Mr. Kaganoff holds a B.A. in Economics from Yeshiva University.

Geoffrey Rochwarger has served as IDT Corporation's Executive Vice President of Telecommunications since 1996 and has been a director of IDT Corporation since July 1999. Prior to his current position, he served IDT as the President of Genie, an online service company and a subsidiary of IDT, from 1995 until 1996. Since the Restructuring, Mr. Rochwarger has also served as the Chief Operating Officer and a director of IDT Telecom, Inc. Prior to joining IDT, Mr. Rochwarger was the Operations Manager at Galaxy Freight Service LTD. Mr. Rochwarger holds a B.A. Degree in Economics from Yeshiva University.

Morris Lichtenstein has served as the Executive Vice President of Business Development since January 2000. From January 1999 to December 1999, Mr. Lichtenstein served as Controller for IDT Corporation. Since the Restructuring, Mr. Lichtenstein has also served as the Vice Chairman of the Board of Directors and Chief Executive Officer of IDT Telecom, Inc. During the period from 1988 to 1998, Mr. Lichtenstein served as the Controller of Mademoiselle Knitwear, Inc. Mr. Lichtenstein received his B.A. from Touro College.

Charles Garner has served as the Executive Vice President of New Ventures since December 2000. From joining IDT Corporation in February 2000 until December 2000, Mr. Garner served as Senior Vice President of IDT Corporation. Since the Restructuring, Mr. Garner has also served as the Chief Executive Officer of IDT Ventures, Inc. Mr. Garner was also President of IDT's subsidiary, Brix Communications, from February 2000 until May 2000. Prior to joining IDT, Mr. Garner was a partner in the law firm of Simpson Thacher & Bartlett from 1996 through 1999 and an associate of Simpson Thacher & Bartlett from 1987. Mr. Garner received his B.A. from the University of Pennsylvania in 1984 and his law degree from New York University Law School in 1987.

Jonathan Levy has served as Executive Vice President of Corporate Development since November 2000. Mr. Levy also served as the Director of IDT's Fiber division from June 1998 through November 2000. From October 1995 through June 1998, Mr. Levy served as Senior Vice President of Telecom for IDT. Since the Restructuring, Mr. Levy has also served as the President of Carrier Services and a director of IDT Telecom, Inc. Prior to joining IDT, Mr. Levy was Operations Manager for B&H Photo, Inc. Mr. Levy holds a B.A. Degree in Finance from Touro College.

Meyer A. Berman has been a director of IDT Corporation since March 1996. Mr. Berman founded M.A. Berman Co. in 1981, a broker-dealer that services high net worth individuals and institutions, and has served as its President from its inception. Prior to such time, Mr. Berman held various positions in the

Biographical Data

stock brokerage business. Mr. Berman is Chairman of the Board of Directors of BioSterile Technology, Inc., a leading company using Russian scientific technology. Mr. Berman has a B.A. degree from the University of Connecticut and has done graduate work at the University of Illinois and at City College of New York.

J. Warren Blaker has been a director of IDT Corporation since March 1996. Dr. Blaker has been Professor of Physics and Director of the Center for Lightwave Science and Technology at Fairleigh Dickinson University since 1987. Prior to such time he worked in various capacities in the optics industry, including serving as Chief Executive Officer of University Optical Products, Inc., a wholly-owned subsidiary of University Patents, Inc., from 1982 to 1985. Dr. Blaker received a B.S. from Wilkes University and a Ph.D. from the Massachusetts Institute of Technology.

Saul K. Fenster has served as a director of IDT Corporation since February 2000. Dr. Fenster has been the President of New Jersey Institute of Technology since September 1978. Dr. Fenster serves as a director for each of the following Prudential Insurance Company funds: Prudential Mutual Fund Cluster 1 and 4, Prudential VCA Funds, Prudential Gibraltar Fund and Prudential Series Funds. Dr. Fenster received a B.M.E. from the City College of New York, an M.S. from Columbia University and a Ph.D. from the University of Michigan.

Admiral William Owens has served as a director of IDT Corporation since March 2000. Admiral Owens has served as Vice Chairman of the Board and Co-Chief Executive Officer of Teledesic LLC since August 1998. Prior to his current position, Admiral Owens was the President, Chief Operating Officer and Vice Chairman of the Board of Directors of Science Applications International Corporation from June 1996 to August 1998. In addition, Admiral Owens served as the Vice Chairman of the Joint Chiefs of Staff from 1994 to 1996. Admiral Owens received his B.S. from the United States Naval Academy, a B.A. and M.A. from Oxford University and an M.B.A. from George Washington University. Admiral Owens also serves as a director of Symantec, Polycom, Microvision, ViaSat and Biolase.

William F. Weld has served as a director of IDT Corporation since February 2000. Mr. Weld has been a principal at Leeds Weld & Co., a private equity investment firm, since January 2001. From 1997 to January 2001, Mr. Weld was a partner in the law firm of McDermott, Will & Emery and has served as Of Counsel to such firm since such date. From 1991 to 1997, Mr. Weld served as Governor of Massachusetts. Prior to becoming Governor, Mr. Weld served as Assistant U.S. Attorney General in charge of the Criminal Division of the United States Department of Justice in Washington, D.C. from 1986 to 1988. Mr. Weld also served as the United States Attorney for Massachusetts from 1981 to 1986. Mr. Weld also serves as a director of Affiliated Managers Group and Edison Schools, Inc. Mr. Weld received his B.A. from Harvard University, a diploma in international economics from Oxford University and his J.D. from Harvard Law School.

Paul Reichmann has been a director of IDT Corporation since March 2001. Mr. Reichmann has been involved in commercial real estate development for the last 40 years, originating many major commercial development projects and managing their construction, leasing and financing. Mr. Reichmann is the Executive Chairman of Canary Wharf Group, a publicly listed company on the London Stock Exchange, Chief Executive of the Reichmann Group of Companies which includes Reichmann International Development Corporation and International Property Corporation. Mr. Reichmann is also a Trustee of CPL Long Term Care Real Estate Investment Trust and Retirement Residences Real Estate Investment Trust.

Michael J. Levitt has served as a director of IDT Corporation since September 2001. Mr. Levitt is currently the Chairman of Ilios Capital, LLP. Prior to his current position, Mr. Levitt was a partner with Hicks, Muse, Tate & Furst Incorporated from 1996 until 2001. Mr. Levitt served as Managing Director and Deputy Head of Investment Banking with Smith Barney, Inc. from 1993 through 1995. From 1986

Biographical Data

through 1993, Mr. Levitt was a Managing Director with Morgan Stanley & Co. Mr. Levitt received his undergraduate and Juris Doctor degrees from the University of Michigan. He serves on the University of Michigan Business School Corporate Advisory Board and on the University of Michigan Investment Board.

Brian Finkelstein has served as Chief Executive Officer of Winstar Communications, LLC since February 2002. Mr. Finkelstein also serves as Chairman of Horizon Global Trading, a position he has held since 1999. From 1995 to 1998, Mr. Finkelstein served as Managing Director, Head of Global Repo Trading & Sales for Warburd Dillon Read. From 1986 to 1995, Mr. Finkelstein held various positions with Kidder Peabody & Company, where he began as a Junior Trader and received several promotions before being named Managing Director, Head of Primary Dealer & Global Repo Operations. Mr. Finkelstein holds a B.A. from Brooklyn College.

EXHIBIT F

Financial Transaction Documents of New Winstar

Attached hereto as are financial transaction records showing transfers to Winstar totaling \$59,984,965.30 as follows:

<u>Transfer #</u>	<u>Amount</u>
1	\$ 15,000,000.00
2	\$ 2,500,000.00
3	\$ 23,000,000.00
4	\$ 2,850,472.00
5	\$ 10,305,277.00
6	\$ 6,329,216.30
<hr/>	
TOTAL	\$ 59,984,965.30

Account Activity Report

12/10/2001



Account: 2079950015213 IDT CORP.

*** Checks and Debits ***

Date	Amount	Check No.	Description	Sequence Number
12/10/2001	\$15,000,000.00		FUNDS TR DB FUNDS TRANSFER (ADVICE 011210030558) SENT TO CITIBANK N.A. /BNF=MCDERMOTT WILL & EMERYOBI=ESCROW ACCOUNTRFB= 12/10/01 04:42PM	11210030558

Debit Totals:					
Debit	Total :	\$15,000,000.00	Total #	Debit	Items
					1

01/03/2002



Account: 2079950015213 IDT CORP.

*** Checks and Debits ***

Date	Amount	Check No.	Description	Sequence Number
01/03/2002	\$10,305,277.00		FUNDS TR DB FUNDS TRANSFER (ADVICE 020103032062) SENT TO FLEET BANK NA /BNF=WINSTAR COMMUNICATIONS OBI=RFB= 05:25PM	20103032062 01/03/02

Debit Totals:					
Debit	Total :	\$10,305,277.00	Total #	Debit	Items
					1

Account Activity Report

1/11/2002



Account: 2078950015213 IDT CORP.

*** Checks and Debits ***

Date	Amount	Check No.	Description	Sequence Number
1/11/2002	\$8,329,216.30		FUNDS TR DB FUNDS TRANSFER (ADVICE 020111005632)SENT TO BANK OF NEW YORK /BNF=DDAOBI=STIC LIQUID ASSETS PORTFOLIO, ACCT#RFB= 10:03AM	20111005632 01/11/02

Debit Totals:					
Debit	Total :	\$8,329,216.30	Total #	Debit	Items
					1

DEPOSIT

CASH FLOW
WITHDRAWAL

12/14/01

1214B1Q8153C003826 FEDERAL FUNDS

-2,500,000.00

CASH FLOW
WITHDRAWAL

12/18/01

1218B1Q8151C002706 FEDERAL FUNDS

-23,000,000.00

SALOMON SMITH BARNEY
access

home

bill pay

trade

help

Your Portfolio
dstorm23

Activity (All Activities) - 232-15196
Data from 12/21/2001 thru 12/21/2001 as of 02/15/2002

			News / Additional Indica
DJIA	9821.20	-81.80	12:20pm e
NASDAQ	1785.21	-39.99	12:20pm e
S&P 500	1090.38	-13.80	12:20pm e

Bookmarks

Get Quote

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Sign up today and we will e-mail you when your next statement
or confirm is available to view on Access.**

Email • Set As Default (with *) • User Settings • Download • Print Screen

Select Another View or Account:

Activity Detail *

Select Activity:

All Activities

for 1 week *

Starting

Ending

Activity (All Activities)

Account	Date	Activity	Quantity	Description	Price	Amount	Check nbr
	12/21/2001	JOURNAL	0.0000	MONEY TRANSFER 12/21/01BGM THRU FLEET NATIONAL BANK NYC	0.000	-2,850,472.00	

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SEE HOW WE BARN FOR
A member of 

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EXHIBIT G

Financial Statements of IDT Corporation on Form 10-K

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K
FOR ANNUAL AND TRANSITION REPORTS PURSUANT TO
SECTIONS 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

- ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED JULY 31, 2001, OR
- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934.

Commission File Number: 0-27898

IDT CORPORATION
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation or
organization)

22-3415036
(I.R.S. Employer
Identification Number)

520 Broad Street
Newark, New Jersey 07102
(Address of principal executive offices, including
zip code)

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

Securities registered pursuant to
Section 12(b) of the Act: None

Securities registered pursuant to
Section 12(g) of the Act: Common Stock, par value \$.01
per share
Class B Common Stock, par value
\$.01 per share (Title of class)

Indicate by check mark whether the Registrant: (1) has filed all reports
required to be filed by Section 13 or 15(d) of the Securities Exchange Act of
1934 during the preceding 12 months (or for such shorter period that the
Registrant was required to file such reports), and (2) has been subject to such
filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item
405 of Regulation S-K is not contained herein, and will not be contained, to the
best of Registrant's knowledge, in definitive proxy or information statements
incorporated by reference in Part III of this Form 10-K or any amendment to this
Form 10-K.

The aggregate market value of the voting stock held by non-affiliates of
the Registrant, based on the closing price on October 26, 2001 of the Common
Stock of \$11.50 and of the Class B Common Stock of \$9.35 was approximately
\$240,978,400.80 million and \$264,078,996.50 million, respectively, as reported
on the New York Stock Exchange. Shares of Common Stock held by each officer and
director and by each person who owns 5% or more of the outstanding Common Stock
(assuming conversion of the Registrant's Class A Common Stock) have been
excluded from this computation, in that such persons may be deemed to be
affiliates of the Registrant. This determination of affiliate status is not
necessarily a conclusive determination for any other purpose.

As of October 26, 2001, the Registrant had outstanding 23,212,753 shares of
Common Stock, \$.01 par value, 9,816,988 shares of Class A Common Stock, \$.01 par
value, and 47,263,289 shares of Class B Common Stock, \$.01 par value. As of
October 26, 2001, 5,390,163 shares of Common Stock and 4,019,063 shares of
Class B Common Stock were held by IDT Telecom, Inc.

DOCUMENTS INCORPORATED BY REFERENCE

Certain information in the Registrant's definitive Proxy Statement for its
2001 Annual Meeting of Stockholders, which will be filed with the Securities and
Exchange Commission pursuant to Regulation 14A, not later than 120 days after
July 31, 2001, is incorporated by reference in Part III (Items 10, 11, 12 and
13) of this Form 10-K.

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IDT CORPORATION

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REPORT OF INDEPENDENT AUDITORS

The Board of Directors and Stockholders
IDT Corporation

We have audited the accompanying consolidated balance sheets of IDT Corporation (the "Company") as of July 31, 2000 and 2001, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended July 31, 2001. Our audits also included the financial statement schedule listed in the Index at Item 14(a). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company at July 31, 2000 and 2001 and the consolidated results of its operations and its cash flows for each of the three years in the period ended July 31, 2001, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

New York, New York
October 23, 2001

IDT CORPORATION
CONSOLIDATED BALANCE SHEETS

	July 31	
	2000	2001
	(In thousands, except share data)	
Assets		
Current assets:		
Cash and cash equivalents	\$ 162,879	\$ 1,091,071
Marketable securities	230,160	3,489
Trade accounts receivable, net of allowance for doubtful accounts of approximately \$26,771 at July 31, 2000 and \$22,508 at July 31, 2001 ..	160,995	116,759
Other current assets	87,859	32,413
Total current assets	641,893	1,243,732
Property, plant and equipment, net	225,638	224,042
Goodwill and other intangibles, net	162,233	197,804
Marketable securities	132,278	--
Investments	29,318	60,732
Other assets	27,695	155,028
Total assets	\$ 1,219,055	\$ 1,881,338
Liabilities and stockholders' equity		
Current liabilities:		
Trade accounts payable	\$ 161,888	\$ 163,313
Accrued expenses	36,436	54,893
Deferred revenue	48,572	71,387
Notes payable--current portion	22,604	2,657
Capital lease obligations--current portion	13,540	18,270
Other current liabilities	10,923	17,819
Total current liabilities	293,963	328,339
Deferred tax liabilities	168,772	390,914
Notes payable--long-term portion	12,174	380
Capital lease obligations--long-term portion	43,940	49,799
Other liabilities	709	14,502
Total liabilities	519,558	783,934
Minority interests	231,309	21,419
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value; authorized shares--10,000,000; no shares issued	--	--
Common stock, \$.01 par value; authorized shares--100,000,000; 25,959,256 and 22,791,789 shares issued and outstanding in 2000 and 2001, respectively	260	228
Class A common stock, \$.01 par value; authorized shares--35,000,000; 9,970,233 and 9,816,988 shares issued and outstanding in 2000 and 2001, respectively	100	98
Class B common stock, \$.01 par value; authorized shares--100,000,000; 35,929,489 and 39,291,411 shares issued and outstanding in 2000 and 2001, respectively	359	393
Loans to stockholders	(251)	(251)
Additional paid-in capital	370,646	494,093
Treasury stock, at cost	--	(138,087)
Accumulated other comprehensive income	(92,653)	(2,575)
Retained earnings	189,727	722,086
Total stockholders' equity	468,188	1,075,985
Total liabilities and stockholders' equity	\$ 1,219,055	\$ 1,881,338

See accompanying notes.

IDT CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	Year ended July 31		
	1999	2000	2001
	(In thousands, except per share data)		
Revenues	\$ 732,184	\$ 1,093,912	\$ 1,230,950
Costs and expenses:			
Direct cost of revenues	575,050	918,257	1,066,845
Selling, general and administrative	128,500	343,702	337,107
Depreciation and amortization	36,360	48,564	60,351
Impairment charges	--	--	199,357
Total costs and expenses	739,910	1,310,523	1,663,660
Loss from operations	(7,726)	(216,611)	(432,710)
Interest income (expense), net	(1,228)	7,231	52,768
Equity loss	--	(6,289)	(75,066)
Gain on sales of subsidiary stock	--	350,344	1,037,726
Other income (expense)	(2,035)	258,218	164,762
Income (loss) before income taxes, minority interests and extraordinary item	(10,989)	392,893	747,480
Provision for income taxes	7,253	218,403	209,395
Minority interests	(3,308)	(59,336)	5,726
Income (loss) before extraordinary item	(14,934)	233,826	532,359
Extraordinary loss on retirement of debt, net of income taxes	(3,270)	(2,976)	--
Net income (loss)	(18,204)	230,850	532,359
Subsidiary redeemable preferred stock dividends	26,297	--	--
Net income (loss) attributable to common stockholders	\$ (44,501)	\$ 230,850	\$ 532,359
Net income (loss) per share:			
Net income (loss) attributable to common stockholders before extraordinary item:			
Basic	\$ (0.61)	\$ 3.34	\$ 7.79
Diluted	\$ (0.61)	\$ 3.11	\$ 7.12
Extraordinary loss on retirement of debt, net of income taxes:			
Basic	\$ (0.05)	\$ (0.04)	\$ --
Diluted	\$ (0.05)	\$ (0.04)	\$ --
Net income (loss) attributable to common stockholders:			
Basic	\$ (0.66)	\$ 3.30	\$ 7.79
Diluted	\$ (0.66)	\$ 3.07	\$ 7.12
Weighted-average number of shares used in calculation of net income (loss) per share:			
Basic	67,060	69,933	68,301
Diluted	67,060	75,239	74,786

See accompanying notes.

IDT CORPORATION

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands, except share data)

	Common Stock		Class A Stock		Class B Stock	
	Shares	Amount	Shares	Amount	Shares	Amount
Balance at July 31, 1998	22,848,866	\$ 229	10,255,668	\$ 102	33,104,534	\$ 330
Exercise of stock options	656,848	7	--	--	656,848	7
Income tax benefit from stock options exercised	--	--	--	--	--	--
Conversion of Class A stock to common stock	225,910	2	(225,910)	(2)	--	--
Issuance of common stock in connection with business acquisitions	100,000	1	--	--	100,000	1
Exercise of warrants	131,238	1	--	--	131,238	1
Costs associated with stock registration	--	--	--	--	--	--
Net loss for the year ended July 31, 1999	--	--	--	--	--	--
Balance at July 31, 1999	23,992,854	240	10,029,758	100	34,022,612	339
Exercise of stock options	1,310,700	13	--	--	1,310,700	13
Income tax benefit from stock options exercised	--	--	--	--	--	--
Conversion of Class A stock to common stock	59,525	--	(59,525)	--	--	--
Exercise of warrants	19,963	--	--	--	19,963	--
Issuance of common stock	3,728,949	37	--	--	3,728,949	37
Change in unrealized gain (loss) in available for sale securities	--	--	--	--	--	--
Foreign currency translation adjustment	--	--	--	--	--	--
Repurchase of common stock	(3,142,735)	(30)	--	--	(3,142,735)	(30)
Modification of stock options	--	--	--	--	--	--
Stock options given to partnership	--	--	--	--	--	--
Net income for the year ended July 31, 2000	--	--	--	--	--	--
Comprehensive income	--	--	--	--	--	--
Balance at July 31, 2000	25,959,256	260	9,970,233	100	35,929,489	359
Exercise of stock options	698,451	7	--	--	698,451	7
Income tax benefit from stock options exercised	--	--	--	--	--	--
Conversion of Class A stock to common stock	153,245	2	(153,245)	(2)	--	--
Issuance of stock options	--	--	--	--	--	--
Modification of stock options	--	--	--	--	--	--
Issuance of Class B common stock	--	--	--	--	7,038,085	71
Change in unrealized gain (loss) in available for sale securities	--	--	--	--	--	--
Foreign currency translation adjustment	--	--	--	--	--	--
Repurchase of common stock	(4,019,163)	(41)	--	--	(4,019,163)	(41)
Net income for the year ended July 31, 2001	--	--	--	--	--	--
Comprehensive income	--	--	--	--	--	--
Balance at July 31, 2001	22,791,789	\$ 228	9,816,988	\$ 98	39,291,411	\$ 393

	Loans to Stockholders	Additional Paid-in Capital	Treasury Stock	Accumulated Other Comprehensive Income	Retained Earnings (Deficit)	Total Stockholders' Equity
Balance at July 31, 1998	\$ --	\$ 305,049	\$ --	\$ --	\$ (22,919)	\$ 282,791
Exercise of stock options	(251)	4,068	--	--	--	3,831
Income tax benefit from stock options exercised	--	4,258	--	--	--	4,258
Conversion of Class A stock to common stock	--	--	--	--	--	--
Issuance of common stock in connection with business acquisitions	--	3,848	--	--	--	2,850
Exercise of warrants	--	922	--	--	--	924
Costs associated with stock registration	--	(123)	--	--	--	(123)
Net loss for the year ended July 31, 1999	--	--	--	--	(18,204)	(18,204)
Balance at July 31, 1999	(251)	317,022	--	--	(41,123)	276,127
Exercise of stock options	--	14,508	--	--	--	14,534
Income tax benefit from stock options exercised	--	10,346	--	--	--	10,346
Conversion of Class A stock to common stock	--	--	--	--	--	--
Exercise of warrants	--	117	--	--	--	(1)
Issuance of common stock	--	128,574	--	--	--	128,648
Change in unrealized gain (loss) in available for sale securities	--	--	--	(94,044)	--	(94,044)
Foreign currency translation adjustment	--	--	--	1,391	--	1,391
Repurchase of common stock	--	(101,822)	--	--	--	(101,882)
Modification of stock options	--	985	--	--	--	985
Stock option given to partnership	--	916	--	--	--	916
Net income for the year ended July 31, 2000	--	--	--	230,850	230,850	230,850
Comprehensive income	--	--	--	138,197	--	138,197
Balance at July 31, 2000	(251)	370,646	--	(92,653)	189,727	468,188
Exercise of stock options	--	6,872	--	--	--	6,883
Income tax benefit from stock options exercised	--	2,676	--	--	--	2,676
Conversion of Class A stock to common stock	--	--	--	--	--	--
Issuance of stock options	--	2,000	--	--	--	2,000
Modification of stock options	--	3,082	--	--	--	3,082
Issuance of Class B common stock	--	104,497	--	--	--	106,568
Change in unrealized gain (loss) in available for sale securities	--	--	--	89,148	--	89,148
Foreign currency translation adjustment	--	--	--	930	--	930
Repurchase of common stock	--	2,320	(138,087)	--	--	(135,849)
Net income for the year ended July 31, 2001	--	--	--	532,359	532,359	532,359
Comprehensive income	--	--	--	622,437	--	622,437
Balance at July 31, 2001	\$ (251)	\$ 494,093	\$ (138,087)	\$ (2,575)	\$ 722,086	\$ 1,075,985

See accompanying notes.

IDT CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended July 31		
	1999	2000	2001
	(In thousands)		
Operating activities			
Net income (loss)	\$ (18,204)	\$ 230,850	\$ 532,359
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	36,360	48,564	60,351
Impairment charges	--	--	199,357
Extraordinary loss on retirement of debt before taxes	5,360	4,870	--
Minority interests	(3,309)	(59,336)	5,726
Deferred tax liabilities	(1,156)	216,903	204,188
Issuance of common stock to charitable foundation	--	--	26,378
Net realized (gains)/losses from sales of marketable securities and investments	--	(261,025)	148,724
Equity loss	--	6,289	75,066
Non-cash compensation	15,734	42,917	3,082
Gain on TyCom settlement	--	--	(313,486)
Gain on sales of subsidiary stock	--	(350,344)	(1,037,726)
Changes in assets and liabilities:			
Trade accounts receivable	(68,108)	(52,643)	36,029
Other current assets	(24,214)	(40,718)	26,941
Other assets	(6,771)	12,524	(12,707)
Deferred revenue	4,035	34,026	7,271
Trade accounts payable and other	41,976	90,053	64,675
Net cash provided by (used in) operating activities	(18,297)	(77,070)	26,228
Investing activities			
Purchases of property, plant and equipment	(48,098)	(101,192)	(106,513)
Purchase of trademark	(5,000)	--	--
Issuance of notes receivable	(13,423)	--	(12,089)
Investments and acquisitions, net of cash acquired	(10,735)	(38,803)	(73,722)
Collection of notes receivable	14,040	9,524	--
Sales of marketable securities	--	--	164,052
Net purchases of marketable securities	(17,561)	(7,059)	--
Net proceeds from sales of subsidiary stock	--	115,434	1,042,113
Net cash provided by (used in) investing activities	(80,777)	(22,096)	1,013,841
Financing activities			
Proceeds from issuance of Series A preferred stock and warrants by Net2Phone	29,900	--	--
Proceeds from exercise of stock options for Net2Phone	1,334	8,172	--
Proceeds from exercise of warrants for Net2Phone	438	--	--
Payment of debt issuance costs	(4,475)	--	--
Distributions to minority shareholder	(6,079)	(3,179)	(18,908)
Proceeds from borrowings	115,945	13,898	--
Proceeds from exercise of warrants	924	118	--
Proceeds from exercise of stock options	7,967	14,534	6,883
Repayments of capital lease obligations	(5,349)	(9,833)	(14,736)
Repayments of borrowings	(103,912)	(108,146)	(26,054)
Proceeds from sale of common stock	--	128,648	74,787
Proceeds from offerings of common stock by Net2Phone	--	261,189	--
Collection of loans to stockholders by Net2Phone	--	623	--
Proceeds from minority investment in subsidiary	--	5,000	--
Proceeds from issuance of stock options	--	--	2,000
Payments to repurchase common stock	--	(101,882)	(135,849)
Net cash (used in) provided by financing activities	36,693	209,142	(111,877)
Net increase (decrease) in cash	(62,381)	109,976	928,192
Cash and cash equivalents at beginning of year	115,284	52,903	162,879
Cash and cash equivalents at end of year	\$ 52,903	\$ 162,879	\$ 1,091,071
Supplemental disclosure of cash flow information			
Cash payments made for interest	\$ 13,483	\$ 10,074	\$ 7,997
Cash payments made for income taxes	\$ 235	\$ 1,050	\$ 5,963
Supplemental schedule of noncash activities			
Purchase of fixed assets by capital lease	\$ 11,899	\$ 45,541	\$ 759

See accompanying notes

IDT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
July 31, 2001

1. Summary of Significant Accounting Policies

Description of Business

IDT Corporation ("IDT" or the "Company") is a multinational telecommunications carrier that provides a broad range of services to its retail and wholesale customers worldwide. The Company mainly provides its customers with integrated international and domestic long distance, and prepaid calling cards.

Until August 2000, the Company also provided Internet telephony services through its majority owned subsidiary Net2Phone, Inc. ("Net2Phone"). On August 11, 2000, the Company completed the sale of 14.9 million shares of its holdings of Net2Phone's Class A Common Stock, at a price of \$75 per share to ITelTech, LLC ("ITelTech"), a Delaware limited liability company controlled by AT&T Corporation ("AT&T"). In addition, ITelTech purchased four million newly-issued shares of Class A Common Stock from Net2Phone at a price of \$75 per share. These transactions reduced the voting stake of IDT in Net2Phone from approximately 56% to 21% and its economic stake in Net2Phone from approximately 45% to 16%. In recognition of these transactions, the Company recorded a gain on sales of subsidiary stock of \$1.038 billion during the year ended July 31, 2001, and has deconsolidated Net2Phone effective August 11, 2000. Accordingly, the Company accounts for its investment in Net2Phone using the equity method.

As discussed in footnote 15, "Subsequent Events", on October 23, 2001, IDT, Liberty Media Group ("Liberty Media") and AT&T formed a limited liability company ("LLC"), which through a series of transactions among IDT, Liberty Media and AT&T now holds an aggregate of 28.9 million shares of Net2Phone's Class A common stock, representing approximately 50% of Net2Phone's outstanding capital stock. Because the LLC holds Class A common stock with two votes per share, the LLC has approximately 64% of the shareholder voting power in Net2Phone. IDT holds the controlling membership interest in the LLC.

On May 4, 2001, the Company declared a stock dividend of one share of Class B common stock for every one share of common stock, Class A common stock and Class B common stock. IDT distributed the dividend shares on May 31, 2001 to shareholders of record on May 14, 2001. The stock dividend has been accounted for as a stock split and all references to the number of common shares, per common share amounts and stock options have been restated to give retroactive effect to the stock dividend for all periods presented. The Class B common stock commenced trading on the New York Stock Exchange on June 1, 2001 under the ticker symbol "IDT B".

Basis of Consolidation and Accounting for Investments

The consolidated financial statements include the accounts of IDT and all companies in which IDT has a controlling voting interest ("subsidiaries"), as if IDT and its subsidiaries were a single company. Significant intercompany accounts and transactions between the consolidated companies have been eliminated.

Investments in companies in which IDT has significant influence, but less than a controlling voting interest, are accounted for using the equity method. Investments in companies in which IDT does not have a controlling interest or an ownership and voting interest so large as to exert significant influence are accounted for at market value if the investments are publicly traded and there are no resale restrictions, or at cost, if the sale of a publicly-traded investment is restricted or if the investment is not publicly traded.

The effect of any changes in IDT's ownership interests resulting from the issuance of equity capital by consolidated subsidiaries or equity investees to unaffiliated parties is included in gain on sales of subsidiary stock.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year's presentation.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

Revenue Recognition

Telecommunication services, Internet telephony services, Internet subscription services, and prepaid calling card revenues are recognized as services are provided. Equipment sales are recognized when installation is completed. Prepayments for services are deferred and recognized as revenue as the services are provided.

Sales of equipment with software necessary to provide the Company's services are accounted for in accordance with the American Institute of Certified Public Accountants' Statement of Position 97-2, Software Revenue

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Recognition. Revenue on such sales is recognized when such products are delivered, collection of payments are assured and there are no significant future obligations.

Direct Cost of Revenue

Direct cost of revenue consists primarily of telecommunication costs, connectivity costs and the cost of equipment sold to customers. Direct cost of revenue excludes depreciation and amortization.

Property, Plant and Equipment

Equipment, buildings, furniture and fixtures are depreciated using the straight-line method over the estimated useful lives of the assets, which range from three to thirty years. Leasehold improvements are depreciated using the straight line method over the term of their lease or their estimated useful lives, whichever is shorter. Computer software is amortized over a period not exceeding five years.

Subscriber Acquisition Costs and Advertising

Subscriber acquisition costs including sales commissions, license fees and production and shipment of starter packages are expensed as incurred.

The Company expenses the costs of advertising as incurred. Typically, Net2Phone purchases banner advertising on other companies' web sites pursuant to contracts that have one to three year terms and may include the guarantee of (i) a minimum number of impressions, (ii) the number of times that an advertisement appears in pages displayed to users of the web site, or (iii) a minimum amount of revenue that will be recognized by Net2Phone from customers directed to Net2Phone's web site as a direct result of the advertisement. Net2Phone recognizes banner advertising expense with respect to such advertising ratably over the period in which the advertisement is displayed. In addition, some agreements require additional payments as additional impressions are delivered. Thus, additional payments are expensed when the impressions are delivered.

In one case, Net2Phone entered into an agreement with no specified term of years. In this case, the Company amortizes as expense the lesser of (i) the number of impressions to date/minimum guaranteed impressions, or (ii) revenue to date/minimum guaranteed revenue as a percentage of the total payments.

For the years ended July 31, 1999, 2000 and 2001, advertising expense totaled approximately \$10,454,000, \$46,722,000 and \$17,071,000, respectively.

During the year ended July 31, 2000, the Company incurred approximately \$28,000,000 of costs to terminate advertising arrangements. These termination costs are included in selling, general and administrative expenses in the accompanying consolidated statements of operations.

Software Development Costs

Costs for the internal development of new software products and substantial enhancements to existing software products are expensed as incurred until technological feasibility has been established, at which time any additional costs are capitalized. For the years ended July 31, 1999, 2000 and 2001, research and development costs totaled approximately \$757,000, \$4,692,000 and \$2,484,000, respectively.

Capitalized Internal Use Software Costs

The Company capitalizes certain costs incurred in connection with developing or obtaining internal use software. These costs consist of payments made to third parties and the salaries of employees working on such software development. For the years ended July 31, 1999, 2000 and 2001, the Company has capitalized \$4,065,000, \$8,593,000 and \$2,463,000, respectively, of internal use software costs as computer software.

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Long-Lived Assets

In accordance with Statement of Financial Accounting Standards ("SFAS") No. 121, Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of, the Company reviews its long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The analysis of the recoverability utilizes undiscounted cash flows. The measurement of the loss, if any, will be calculated as the amount by which the carrying amount of the asset exceeds the fair value.

Cash and Cash Equivalents

The Company considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents are carried at cost which approximates market value. At July 31, 2000 and 2001, the Company had 66% and 89%, respectively, of its cash and cash equivalents in three financial institutions.

Marketable Securities

Marketable securities consist of equity securities, U.S. Government Agency Obligations and commercial paper. Certain debt securities held by Net2Phone, with original maturities of greater than three months at the time of purchase are classified as held to maturity and are carried at amortized cost. Interest on these securities is included in interest income as earned.

During fiscal 2000, IDT sold approximately \$55,000,000 of held-to-maturity securities prior to their maturity dates and recorded a loss of approximately \$1,200,000. The securities were sold to fund certain transactions. In connection with these sales, marketable securities with a cost basis of approximately \$22,000,000 were reclassified as available-for-sale and through July 31, 2000, unrealized losses of approximately \$850,000 were included in accumulated other comprehensive income.

Goodwill and Other Intangibles

Goodwill is amortized over 5 to 20 years using the straight-line method. Costs associated with obtaining the right to use trademarks and patents owned by third parties are capitalized and amortized on a straight-line basis over the term of the trademark licenses and patents. Other intangible assets consist of core programming technology and assembled workforce which are amortized over 32 to 35 months, and 48 to 54 months, respectively. The Company systematically reviews the recoverability of its acquired intangible assets for each acquired entity to determine whether an impairment has occurred. Upon determination that the carrying value of acquired intangible assets will not be recovered based on the undiscounted future cash flows of the acquired business, the carrying value of such acquired intangible assets would be considered impaired and would be reduced by a charge to operations in the amount that the carrying value exceeds the fair value.

Income Taxes

The Company accounts for income taxes under the liability method in accordance with SFAS No. 109, Accounting for Income Taxes. Under this method, deferred tax assets and liabilities are determined based on differences between the financial reporting and tax bases of assets and liabilities.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing the net income (loss) attributable to common stockholders by the weighted-average number of common shares outstanding during the period. Diluted earnings (loss) per share adjusts basic earnings (loss) per share for the effects of convertible securities, stock options, warrants and other potentially dilutive financial instruments, only in the periods in which such effect is dilutive.

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Vulnerability Due to Certain Concentrations

Financial instruments that potentially subject the Company to concentration of credit risk consist principally of cash, cash equivalents, marketable securities and trade accounts receivables. Concentration of credit risk with respect to trade accounts receivable is limited due to the large number of customers comprising the Company's customer base.

The Company is subject to risks associated with its international operations, including changes in exchange rates, difficulty in trade accounts receivable collection and longer payment cycles.

Management regularly monitors the creditworthiness of its domestic and international customers and believes that it has adequately provided for any exposure to potential credit losses.

Fair Value of Financial Instruments

The estimated fair value of financial instruments has been determined using available market information or other appropriate valuation methodologies. However, considerable judgment is required in interpreting market data to develop estimates of fair value. Consequently, the estimates are not necessarily indicative of the amounts that could be realized or would be paid in a current market exchange. At July 31, 2001, the book carrying value of the Company's notes receivable and notes payable approximates fair value.

Stock Based Compensation

The Company accounts for stock options issued to employees using the intrinsic value method prescribed in Accounting Principles Board Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. Compensation expense for stock options issued to employees is measured as the excess of the quoted market price of the Company's stock at the date of grant over the amount employees must pay to acquire the stock.

The Company applies the disclosure-only provisions of SFAS No. 123, Accounting for Stock-Based Compensation, with respect to stock options issued to the Company's employees.

Recently Issued Accounting Standards

In June 2001, the FASB issued SFAS No.142, Goodwill and Other Intangible Assets, effective for fiscal years beginning after December 15, 2001, with early adoption permitted for companies with fiscal years beginning after March 15, 2001. Under the new rules, goodwill and intangible assets deemed to have indefinite lives will no longer be amortized but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives.

The Company has chosen to early adopt the new rules on accounting for goodwill and other intangible assets and apply them beginning in the first quarter of fiscal 2002. The Company is currently performing the required impairment tests of goodwill and indefinite lived intangible assets as of August 1, 2001. Although the tests have not yet been finalized, preliminary indications are that the Company will record a significant impairment charge on its goodwill in the first quarter of fiscal 2002. The impairment charge will be recorded as a cumulative effect adjustment of a change in accounting principle.

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-- (Continued)

2. Marketable Securities

The following is a summary of marketable securities as of July 31, 2001:

	Cost -----	Gross Unrealized Gains ----- (In thousands)	Gross Unrealized Losses -----	Fair Value -----
Short-term				
Available-for-sale securities:				
U.S. Government Agency Obligations	\$ 1,150	\$ --	\$ (33)	\$ 1,117
Equity securities	6,318	--	(3,946)	2,372
	-----	-----	-----	-----
	\$ 7,468	\$ --	(\$3,979)	\$ 3,489
	=====	=====	=====	=====

The following is a summary of marketable securities as of July 31, 2000:

	Cost -----	Gross Unrealized Gains ----- (In thousands)	Gross Unrealized Losses -----	Fair Value -----
Short-term				
Held-to-maturity securities:				
U.S. Government Agency Obligations	\$ 9,500	\$ 2	\$ (13)	\$ 9,489
Commercial paper	49,642	--	(45)	49,597
	-----	-----	-----	-----
	59,142	2	(58)	59,086
	=====	=====	=====	=====
Available-for-sale securities:				
U.S. Government Agency Obligations	23,097	--	--	23,097
Terra common stock	147,921	--	--	147,921
	-----	-----	-----	-----
	171,018	--	--	171,018
	=====	=====	=====	=====
Long-term				
Held-to-maturity securities:				
U.S. Government Agency Obligations	5,000	--	(21)	4,979
Commercial paper	17,943	--	(38)	17,905
	-----	-----	-----	-----
	22,943	--	(59)	22,884
	=====	=====	=====	=====
Available-for-sale securities:				
WebEx common stock	5,332	--	--	5,332
Yahoo! Inc. common stock	104,003	--	--	104,003
	-----	-----	-----	-----
	\$ 109,335	\$ --	\$ --	\$ 109,335
	=====	=====	=====	=====

Proceeds and realized losses from the sale of available-for-sale securities for the year ended July 31, 2001 amounted to approximately \$164,052,000 and \$138,019,000, respectively

Terra Networks Transaction

In October 1999, IDT entered into a joint venture agreement with Terra Networks, S.A. ("Terra") pursuant to which the two parties formed two limited liability companies to provide Internet services and products to customers in the United States. One company was formed to provide Internet access to customers and the other company was formed to develop and manage an Internet

portal that would provide content-based Internet services. IDT's 49% interest in the Internet access company was accounted for using the equity method of accounting. The equity method was used since IDT had significant influence, but less than a controlling voting interest. IDT's 10% interest in the Internet portal company was accounted for at cost. The cost method was used since IDT did not have a controlling voting interest, or an ownership or voting interest so large as to exert significant influence, and the venture was not publicly traded. On April 30, 2000, the Company sold its interests in the two joint ventures for the right to receive 3,750,000 shares of Terra common stock. In connection with this transaction, the Company recognized a pre-tax gain of approximately \$231,032,000 for the year ended July 31, 2000. During the year ended July 31, 2001, the Company sold 3,745,000 of its Terra shares and recognized a loss of approximately \$129,200,000, which has been included as a component of "Other income."

3. Property, Plant and Equipment

Property, plant and equipment consists of the following:

	July 31	
	2000	2001
	-----	-----
	(In thousands)	
Equipment.....	\$ 238,767	\$ 264,422
Computer software.....	32,215	10,192
Leasehold improvements.....	11,918	16,930
Furniture and fixtures.....	10,625	15,793
Land and building.....	6,327	8,937
	-----	-----
	299,852	316,274
Less accumulated depreciation and amortization.....	(74,214)	(92,232)
	-----	-----
Property, plant and equipment, net.....	\$ 225,638	\$ 224,042
	=====	=====

Fixed assets under capital leases aggregate approximately \$71,835,000 and \$104,215,000 at July 31, 2000 and 2001, respectively. The accumulated amortization related to these assets under capital leases is approximately \$17,756,000 and \$35,361,000 at July 31, 2000 and 2001, respectively.

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

4. Goodwill and Other Intangibles

Goodwill and other intangibles consist of the following:

	July 31	
	2000	2001
	(In thousands)	
Goodwill.....	\$ 156,639	\$ 197,863
Assembled workforce.....	3,317	2,817
Core technology and patents.....	35,100	42,523
	195,056	243,203
Less accumulated amortization.....	(32,823)	(45,399)
Goodwill and other intangibles, net.....	\$ 162,233	\$ 197,804

Effective Fiscal 2002, the Company intends to adopt SFAS No. 142. As a result, the Company will no longer amortize goodwill and other intangibles deemed to have indefinite lives, but will be subject to annual impairment tests. Assembled workforce will be subsumed into goodwill.

5. Notes Payable

Notes payable consists of the following:

	July 31	
	2000	2001
	(In thousands)	
Promissory note (A)	\$ 4,768	\$ 2,332
Promissory note (B)	16,942	--
Promissory note (C)	4,800	--
Promissory note (C)	6,537	--
Other	1,731	705
	34,778	3,037
Less notes payable--current portion	(22,604)	(2,657)
Notes payable--long-term portion	\$ 12,174	\$ 380

(A) On May 6, 1999, the Company entered into a \$7,800,000 promissory note with a financing company. The note is payable in 36 monthly installments commencing on June 1, 1999, and bears an adjustable interest rate indexed to the one month LIBOR rate. The promissory note is collateralized by certain equipment of the Company.

(B) On June 30, 2000, the Company completed the acquisition of a 100% interest in CTM Brochure Display, Inc. ("CTM"), a brochure distribution company. In connection with the acquisition, the Company issued promissory notes to the former shareholders in the aggregate amount of \$16,942,000. The notes bear interest at the rate of 9.50% per annum. The principal balance on the notes, together with accrued interest, were repaid in full during the year ended July 31, 2001.

(C) The promissory notes were issued in connection with Net2Phone's Aplio acquisition and bore interest at an annual rate of 6.53%. The Company was required to pay \$1,961,235 of the notes on March 31, 2001 and the remaining principal balance of \$4,576,215 plus all accrued and unpaid interest on January 31, 2002. In addition Net2Phone was required to pay the former Aplio shareholders \$4,800,000 over 18 months from the date of sale.

On May 10, 1999, the Company obtained a Senior Secured Credit Facility ("Credit Facility") from a consortium of financial institutions. During the

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

second quarter ended January 31, 2000, the Company repaid all of the outstanding principal balance together with accrued interest. The Company recorded a pre-tax extraordinary loss in connection with the repayment of \$4,870,000 during the year ended July 31, 2000.

Annual future principal repayments of long-term debt for the five years subsequent to July 31, 2001 consist of \$2,657,000 due in fiscal 2002, and \$380,000 due in fiscal 2006.

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS-- (Continued)

6. Income Taxes

Significant components of the Company's deferred tax assets and liabilities consists of the following:

	July 31	
	2000	2001
	(in thousands)	
Deferred tax assets:		
Unrealized losses on securities	\$ 34,484	\$ 857
Bad debt reserve	5,331	3,980
Exercise of stock options	3,277	9,857
Reserves	4,500	4,500
Charitable contributions	--	10,765
Other	289	8,992
	47,881	38,951
Deferred tax liabilities:		
Deferred Revenue.....	--	(196,000)
Unrecognized gain on securities.....	--	(100,313)
Gain on sales of subsidiary stock	(97,830)	(105,466)
Partnership	(92,413)	--
Depreciation	(14,466)	(16,074)
Identifiable intangibles	(1,728)	(3,583)
Other	(10,216)	(8,429)
	(216,653)	(429,865)
Deferred tax liabilities	(216,653)	(429,865)
Net deferred tax liabilities	\$(168,772)	\$(390,914)

No valuation allowance on the net deferred tax assets has been established as the realization of such net deferred tax assets is considered to be more likely than not.

The provision (benefit) for income taxes consists of the following for the years ended July 31:

	1999	2000	2001
	(in thousands)		
Current:			
Federal	\$ 400	\$ --	\$ 6,600
State and local and foreign	--	(395)	14,249
	400	(395)	20,849
Deferred:			
Federal	3,768	175,191	150,997
State and local and foreign	995	41,712	37,549
	4,763	216,903	188,546
	\$ 5,163	\$ 216,508	\$ 209,395

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The income statement classification of the provision (benefit) for income taxes consists of the following at July 31:

	1999	2000 (in thousands)	2001
Income tax provision attributable to continuing operations	\$ 7,253	\$ 218,403	\$ 209,395
	-----	-----	-----
Income tax benefit attributable to extraordinary loss	(2,090)	(1,895)	--
	-----	-----	-----
	\$ 5,163	\$ 216,508	\$ 209,395
	=====	=====	=====

The differences between income taxes expected at the U.S. federal statutory income tax rate and income taxes provided are as follows:

	1999	2000	2001
	-----	-----	-----
	(in thousands)		
Federal income tax at statutory rate	\$ (3,842)	\$ 137,513	\$ 261,618
Foreign tax rate differential	--	--	(99,563)
Losses for which no benefit provided	6,110	32,703	19,141
Nondeductible expenses	2,226	17,625	2,162
State and local and foreign income tax	647	28,612	26,037
Other	22	55	--
	-----	-----	-----
	\$ 5,163	\$ 216,508	\$ 209,395
	=====	=====	=====

7. Stockholders' Equity

Common Stock, Class A Common Stock, and Class B Common Stock

The rights of holders of common stock, Class A common stock and Class B common stock are identical except for certain voting and conversion rights and restrictions on transferability. The holders of Class A common stock are entitled to three votes per share. The holders of Class B common stock are entitled to one-tenth of a vote per share, and the holders of common stock are entitled to one vote per share. Class A common stock is subject to certain limitations on transferability that do not apply to the common stock and Class B common stock. Each share of Class A common stock may be converted into one share of common stock, at any time at the option of the holder.

Stock Options

Prior to March 15, 1996, the Company had an informal stock option program whereby employees were granted options to purchase shares of common stock. Under this informal program, options to purchase 4,317,540 shares of common stock were granted.

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The Company adopted a stock option plan as amended (the "Option Plan") for officers, employees and non-employee directors to purchase up to 6,300,000 shares of the Company's common stock. In September 2000, the Board of Directors of the Company approved an amendment to the Option Plan to reserve for issuance of 6,000,000 shares of Class B common stock. Generally, options become exercisable over vesting periods up to six years and expire ten years from the date of grant.

A summary of stock option activity under the Company's stock option plan is as follows:

	Shares	Weighted-Average Exercise Price
Outstanding at July 31, 1998.....	6,429,270	\$ 3.95
Granted.....	2,272,482	7.61
Exercised.....	(1,393,680)	2.93
Canceled.....	(116,000)	7.43
Forfeited.....	(16,140)	4.14
Outstanding at July 31, 1999.....	7,175,932	5.25
Granted.....	8,851,086	9.98
Exercised.....	(2,621,400)	5.54
Canceled.....	(95,000)	8.86
Forfeited.....	(31,500)	10.93
Outstanding at July 31, 2000.....	13,279,118	8.31
Granted.....	5,112,004	9.15
Exercised.....	(1,041,451)	6.61
Canceled.....	(299,247)	5.71
Forfeited.....	(55,200)	12.63
Outstanding at July 31, 2001.....	16,995,224	\$ 8.70

The following table summarizes the status of stock options outstanding and exercisable at July 31, 2001:

Range of Exercise Prices	Stock Options Outstanding		
	Number of Options	Weighted-Average Remaining Contractual Life (in years)	Number of Stock Options Exercisable
\$0.10 - \$0.10.....	470,500	3.0	470,500
\$0.21 - \$0.21.....	17,632	3.7	17,632
\$0.41 - \$0.41.....	81,000	3.0	81,000
\$0.83 - \$0.83.....	30,000	3.7	30,000
\$2.19 - \$2.63.....	705,400	5.6	705,400
\$3.44 - \$4.13.....	985,250	5.7	835,250
\$5.63 - \$8.00.....	2,581,400	6.5	1,823,091
\$8.72 - \$12.13.....	10,960,542	8.9	3,065,020
\$13.13 - \$18.51.....	1,163,500	8.2	732,350
	16,995,224	7.9	7,760,243
	=====	===	=====

The weighted-average fair value of options granted was \$4.63, \$7.42 and \$7.05 for the years ended July 31, 1999, 2000, and 2001, respectively.

Pro forma information regarding net income (loss) and income (loss) per share is required by SFAS No. 123, and has been determined as if the Company had accounted for employees' stock options under the fair value method provided by

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

that statement. The fair value of the stock options was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions for vested and non-vested options.

	1999	2000	2001
	-----	-----	-----
Assumptions			
Average risk-free interest rate.....	4.67%	6.49%	4.77%
Dividend yield.....	--	--	--
Volatility factor of the expected market price of the Company's common stock.....	84%	81%	90%
Average life.....	5 years	5 years	5 years

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Because the Company's employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in management's opinion, the existing models do not necessarily provide a reliable single measure of the fair value of its employees' stock options.

For purposes of pro forma disclosures, the estimated fair value of the options under SFAS No. 123 is amortized to expense over the options' vesting period. For the years ended July 31, 1999, 2000 and 2001, pro forma net income (loss) and pro forma net income (loss) per share under SFAS No.123 amounted to the following:

	Year ended July 31,		
	1999	2000	2001
	-----	-----	-----
Pro forma net income (loss)	(53,295,000)	214,286,000	514,716,000
Pro forma net income (loss) per share:			
Basic	(0.80)	3.06	7.54
Diluted	(0.80)	2.84	6.88

The Company has modified stock options granted for certain employees of the Company to accelerate or extend their terms. Accordingly, the Company recorded additional compensation expense of approximately \$3,082,000 and \$985,000, for the years ended July 31, 2001 and 2000, respectively.

Net2Phone Stock Options

In the fourth quarter of fiscal 1999, Net2Phone granted options to purchase 8,811,500 shares of its common stock at exercise prices ranging from \$3.33 to \$15.00 per share to its employees and employees of IDT. In connection with the exercise of these options, Net2Phone extended \$3,149,900 of recourse loans to its employees. In order to obtain the loans, optionees agreed to the cancellation of 23,382 outstanding options.

During the quarter ended July 31, 2000, stock options issued to certain officers and employees of Net2Phone were accelerated in accordance with the original stock option awards and as a result Net2Phone recorded approximately \$12,500,000 in compensation charges as a result of the acceleration. During the quarter ended July 31, 2000, stock options issued to certain officers and employees of IDT were modified and as a result, Net2Phone recorded \$18,300,000 in compensation charges.

Net2Phone Series A Stock

On May 13, 1999, Net2Phone designated 3,150,000 shares of its preferred stock as Series A ("Series A Stock") and sold 3,140,000 of such shares to unrelated third parties in a private placement transaction for aggregate gross proceeds of \$31,400,000.

Stock Buyback Program

During the year ended July 31, 2000, the Board of Directors of the Company authorized the repurchase of up to twenty million shares of the Company's common stock. In October 2000, the Board of Directors authorized a further increase in the share repurchase program to 25 million shares. During fiscal 2001, the Company repurchased 8.0 million shares, for an aggregate purchase price of \$135,849,000. Combined with 6.3 million shares purchased during Fiscal 2000, the

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

Company has repurchased a total of approximately 14.3 million shares of common stock through the end of Fiscal 2001. In addition, the Company has repurchased 1.4 million common shares during the first quarter of Fiscal 2002.

Liberty Media Transaction

On March 27, 2000, Liberty Media agreed to purchase approximately 9.9% of the equity of IDT, equal to approximately 7,550,000 shares of IDT's common stock and exchangeable for shares of Class B common stock. On June 6, 2000, Liberty Media completed the purchase of 7,457,898 shares of IDT's common stock at \$17.25 per share, resulting in aggregate cash consideration of approximately \$128,648,000. Liberty Media also has the right to nominate a director for election to the IDT Board of Directors.

AT&T Transaction

In March 2000, the Company was granted the option to sell AT&T 4,081,632 shares of its Class B common stock for approximately \$74,787,000. In March 2001, the Company exercised this option.

Hicks Muse Tate & First Transaction

In June 2001, the Company issued stock options to Hicks, Muse, Tate & Furst Incorporated ("HMTF") to purchase up to 2,200,000 shares of the Company's Class B common stock at exercise prices ranging from \$11.25 to \$15.00 per share, as defined. The stock options are exercisable on the first anniversary of the agreement, and expire on the fifth anniversary date. In consideration for the stock options issued to HMTF, the Company received \$2,000,000 in cash.

IDT Charitable Foundation

In May 2001, the Company established the IDT Charitable Foundation ("Foundation") with the purpose of obtaining money or property to be contributed from time to time to eligible charitable organizations. The Foundation also administers a matching gifts program available to our directors, officers, employees and retirees.

In July 2001, the Company funded the Foundation with 2.2 million shares of Class B common stock worth approximately \$26,378,000 million at that time.

Net2Phone Summary Financial Information

Summary financial information for Net2Phone as of July 31, 2000 is as follows:

(\$'s in thousands):

Current assets	\$	156,023
Total assets	\$	411,728
Working capital	\$	106,372
Revenue	\$	72,401
Operating loss	\$	(128,513)

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

8. Commitments and Contingencies

Legal Proceedings

On February 15, 2000, Multi-Tech Systems, Inc. filed suit against Net2Phone, Inc. and other companies in the United States Federal District Court in Minneapolis, Minnesota. In its press release, Multi-Tech stated that "the defendant companies are infringing because they are providing the end users with the software necessary to simultaneously transmit voice and data on their computers in the form of making a phone call over the Internet." Net2Phone has defended the lawsuit vigorously. Net2Phone has filed an answer and discovery has now been completed. Trial of this matter is tentatively scheduled for August 1, 2002. In the interim, it is likely that various motions will be filed to limit the scope of the plaintiff's claims or to dismiss the action in its entirety. Net2Phone believes that the Multi-Tech claims are without merit. However, should a judge issue an injunction against Net2Phone requiring that they cease distributing Multi-Tech's software or providing Multi-Tech's software-based services, such an injunction could have a material adverse effect on Net2Phone's business operations, financial condition, results of operations and cash flows.

IDT filed a Complaint with the United States District Court for the District of New Jersey on January 29, 2001, against Telefonica S.A., Terra Networks, S.A., Terra Networks, U.S.A., Inc. and Lycos, Inc. The complaint asserts claims against the defendants for, among other things, breaches of various contracts, breach of fiduciary duty, securities violations, fraudulent misrepresentation, negligent misrepresentation, fraudulent concealment and tortious interference with prospective economic advantage. The defendants have been served with the complaint. IDT has filed an amended complaint and the defendants have filed an answer to the amended complaint. Terra Networks, S.A., has filed a Counterclaim for breach of contract alleging that IDT was required to pay to Terra Networks, S.A. \$3,000,000, and that IDT has allegedly failed to do so. The Defendants have filed a Motion to Dismiss the Complaint. On September 14, 2001, the Court issued an Order: (a) permitting IDT to take discovery relevant to the subject of whether Telefonica is subject to personal jurisdiction, (b) denying Telefonica's motion to dismiss for lack of personal jurisdiction without prejudice to Telefonica's right to renew the motion upon the completion of jurisdictional discovery, and (c) carrying on the calendar defendants' motion to dismiss on non-jurisdictional grounds pending the completion of jurisdictional discovery.

On May 25, 2001, IDT filed a Statement of Claim with the American Arbitration Association naming Telefonica Internacional, S.A. ("Telefonica") as the Respondent. The Statement of Claim asserts that IDT and Telefonica entered into a Memorandum of Understanding ("MOU") that involved, among other things, the construction and operation of a submarine cable network around South America ("SAM-I"). IDT is claiming, among other things, that Telefonica breached the MOU by: (1) failing to negotiate SAM-I agreements; (2) refusing to comply with the equity provisions of the MOU; (3) refusing to sell capacity and back-haul capacity pursuant to the MOU; and (4) failing to follow through on the joint venture. In addition to IDT's request that Telefonica comply with the terms of the MOU, IDT is alleging that it has been damaged in amounts not less than: (1) \$1.15 billion for claim number 1 above; (2) \$1.15 billion for claim number 2 above; (3) \$100 million for claim number 3 above; and (4) \$750 million for claim number 4 above. Telefonica has responded to IDT's Statement of Claims and has filed a Statement of Counterclaim which alleges, inter alia: (1) Fraud in the Inducement; (2) Tortious Interference with Prospective Business Relations; (3) Breach of the Obligations of Good Faith and Fair Dealing; and (4) Declaratory and Injunctive Relief. This action is currently in the early stages of discovery.

The Company is subject to other legal proceedings and claims, which have arisen in the ordinary course of its business and have not been finally adjudicated. Although there can be no assurances in this regard, in the opinion of the Company's management, such proceedings, as well as the aforementioned actions, will not have a material adverse effect on results of operations or the financial condition of the Company.

Lease Obligations

The future minimum payments for all capital and operating leases as of July 31, 2001 are approximately as follows:

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

	Operating Leases	Capital Leases
	(In thousands)	
Year ending July 31:		
2002.....	\$ 9,595	\$ 21,386
2003.....	8,527	21,710
2004.....	8,042	15,557
2005.....	7,780	10,212
2006.....	6,920	8,179
Thereafter.....	93,331	--
Total payments.....	\$ 134,195	77,044
Less amount representing interest.....	=====	(8,975)
Less current portion.....		(18,270)
Capital lease obligations--long-term portion.....		\$ 49,799
		=====

Rental expense under operating leases was approximately \$2,821,000, \$6,857,000 and \$4,857,000 for the years ended July 31, 1999, 2000 and 2001, respectively.

Commitments

The Company has entered into purchase commitments of approximately \$31,000,000, primarily related to connectivity agreements.

9. Business Segment Information

Based principally on products and services provided, the Company has identified five reportable business segments: Wholesale Telecommunications Services, Retail Telecommunications Services, Internet Services, Internet Telephony, and Ventures. The operating results of these business segments are distinguishable, are regularly reviewed by Company management and are integral to their decision making process.

The Wholesale Telecommunications Services business segment is comprised of wholesale carrier services sold to other U.S. and international carriers. The Retail Telecommunications Services business segment includes prepaid and rechargeable calling cards, international retail services and domestic long distance services. The Internet Services business segment includes dial-up access services and direct connect dedicated service. The Internet Telephony business segment reflects the results of the Company's formerly majority-owned subsidiary, Net2Phone, prior to the elimination of minority interests. The Ventures business segment, new for the fiscal year ended July 31, 2000, includes new industries explored by the Company, such as CTM Brochure Display, Inc.

The Company evaluates the performance of its business segments based primarily on operating income after depreciation and amortization but prior to interest expense and income taxes. All corporate overhead is allocated to the business segments based on time and usage studies, except for certain specific corporate transactions that are not associated with the operations of the business segments. Operating results and other financial data presented for the principal business segments of the Company for the years ended July 31, 1999, 2000 and 2001 are as follows (in thousands):

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

	Wholesale Telecommunications Services	Retail Telecommunications Services	Internet Services	Internet Telephony	Ventures	Corporate	Total
Year ended July 31, 1999							
Total segment revenue	\$ 301,433	\$ 395,542	\$ 17,882	\$ 33,256	\$ --	\$ --	\$ 748,093
Less revenue between segments	(12,383)	--	(948)	(2,578)	--	--	(15,909)
Total unaffiliated revenue	289,050	395,542	16,934	30,678	--	--	721,204
Income (loss) from operations	12,596	12,283	(8,191)	(24,408)	--	--	(17,726)
Depreciation and amortization	14,120	15,275	4,699	2,766	--	--	36,860
Year ended July 31, 2000							
Total segment revenue	549,223	504,594	13,768	72,401	1,639	--	1,141,615
Less revenues between segments	(28,695)	(2,022)	(600)	(26,326)	--	--	(47,703)
Total unaffiliated revenue	520,528	502,572	13,168	46,075	1,639	--	1,093,912
Income (loss) from operations	(11,458)	(31,877)	(18,132)	(125,851)	(27,299)	--	(214,617)
Depreciation and amortization	18,407	17,771	5,285	6,804	297	--	48,564
Total assets	431,659	356,656	13,145	403,202	12,393	--	1,219,055
Year ended July 31, 2001							
Total segment revenue	388,120	816,384	9,876	--	16,570	--	1,230,950
Less revenues between segments	--	--	--	--	--	--	--
Total unaffiliated revenue	388,120	816,384	9,876	--	16,570	--	1,230,950
Income (loss) from operations	(61,289)	(56,082)	(19,849)	--	(251,502)	(32,888)	(432,710)
Depreciation and amortization	24,542	27,937	4,396	--	3,476	--	60,351
Total assets	\$ 535,776	\$ 1,066,402	\$ 14,587	\$ --	\$ 264,573	\$ --	\$ 1,881,338

Revenue from customers located outside of the United States represented approximately 13%, 17% and 16% of total revenue for the years ended July 31, 1999, 2000 and 2001, respectively, with no single foreign geographic area representing more than 10% of total revenues for the years ended July 31, 1999 and 2000 and Western Europe representing approximately 15% of total revenues for the year ended July 31, 2001. Revenues are attributed to countries based on the location of the customer. Long-lived assets held outside of the United States totaled approximately \$24,400,000 and \$88,800,000 as of July 31, 2000 and 2001, respectively.

As a result of the Company's gradual exit from the dial-up Internet access service business, including the sale of the majority of its dial-up Internet access customers, the Company recorded an impairment charge of approximately \$5,957,000 during the year ended July 31, 2001 for the write-down of certain Internet Services segment fixed assets, primarily relating to equipment previously used to provide dial-up Internet access services.

10. Additional Financial Information

Trade accounts payable includes approximately \$96,215,000 and \$112,918,000 due to telecommunication carriers at July 31, 2000 and 2001, respectively.

11. Acquisitions

CTM Brochure Display, Inc.

On June 30, 2000, the Company acquired a 100% interest in CTM Brochure Display, Inc. ("CTM"), a brochure distribution company, for an aggregate purchase price of approximately \$23,800,000. The purchase price consisted primarily of \$5,100,000 in cash, \$16,942,000 in notes payable to the former owners and the liquidation of \$1,400,000 of CTM's bank debt. In connection with the transaction, the Company recorded goodwill of \$23,000,000 which is being amortized over 20 years and tax liabilities of \$3,000,000. The acquisition was accounted for as a purchase, and accordingly, the net assets and results of operations of the acquired business have been included in the consolidated financial statements from the date of acquisition. During the year ended July 31, 2001, the Company repaid the entire principal balance on the notes payable, together with accrued interest.

Aplio, S.A.

On July 7, 2000, Net2Phone acquired all of the outstanding capital stock of Aplio, S.A. ("Aplio"), a company located in France with technology that enables VoIP devices. Consideration consisted of \$2,900,000 in cash at closing, 582,749 shares of Net2Phone's common stock which were valued at \$35.50 per share, issuance of promissory notes aggregating \$6,500,000, \$1,100,000 in acquisition related costs and \$4,800,000 in cash to be paid within eighteen months of the closing of the transaction.

As collateral for the \$4,800,000 payment, Net2Phone has acquired 152,390 shares of its common stock in escrow. The aggregate purchase price of \$36,000,000 plus the fair value of net liabilities assumed of \$2,700,000 totaled approximately \$38,700,000 which was allocated as follows: approximately \$17,500,000 to goodwill, \$20,700,000 to core technology and patents and \$500,000 to assembled workforce.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The acquisition was accounted for as a purchase by Net2phone, and accordingly, the net assets and results of operations of the acquired business was included in the consolidated financial statements through August 2000.

PT-1 Communications

In February 2001, the Company purchased certain assets of PT-1 Communications, Inc. ("PT-1"), a wholly-owned subsidiary of STAR Telecommunications, Inc., relating to its prepaid card business with a payment of cash and assumption of certain liabilities, including the obligation to honor the outstanding phone cards of PT-1. The cash payment and assumption of net liabilities incurred were approximately \$26,300,000 with substantially all of the purchase price recorded as goodwill and being amortized over a period of 20 years.

Equity Interests in Teligent, Inc. and ICG Communications, Inc.

In April 2001, through its IDT Investments Inc. subsidiary ("IDT Investments") the Company acquired from Liberty Media 21,436,689 shares of Teligent, Inc. ("Teligent"), as well as an interest in ICG Communications, Inc. ("ICG"), represented by 50,000 shares of ICG's A-3 Preferred Stock and warrants to purchase 6,666,667 ICG common shares. In exchange, IDT Investments issued Liberty Media a total of 10,000 shares of its Class B Common Stock and 40,000 shares of its Preferred Class A stock. Upon completing the transaction, IDT effectively owned approximately 29% of the equity of Teligent, and approximately 40% of the equity of ICG.

In May 2001, through its IDT Investments subsidiary, the Company entered into an agreement with various affiliates of HMTF to increase IDT's strategic investments in Teligent and ICG. Under the terms of the agreement, the HMTF affiliates received 18,195 shares of IDT Investments' Series B Convertible Preferred Stock in exchange for the HMTF affiliates' stakes in Teligent and ICG. The HMTF affiliates owned 219,998 shares of Teligent's Series A Convertible Preferred Stock, 23,000 shares of ICG's 8% Series A-2 Convertible Preferred Stock and warrants to purchase 3,066,667 shares of ICG's common stock. The share of the equity losses recorded by IDT subsequent to all of the above Teligent and ICG transactions have eliminated the carrying value of the investments in these companies.

In May 2001, Teligent filed a voluntary bankruptcy petition under Chapter 11 of the U.S. Bankruptcy Code. ICG had previously filed for bankruptcy protection in November 2000.

12. Earnings Per Share

The following table sets forth the computation of basic and diluted earnings per share:

	Year ended July 31		
	1999	2000	2001

	(In thousands)		

Numerator:			
Net income (loss)	\$(18,204)	\$230,850	\$532,359
Subsidiary redeemable preferred stock dividends	(26,297)	--	--
	-----	-----	-----
Net income (loss) attributable to common stockholders	\$ (44,501)	\$230,850	\$532,359
	=====	=====	=====
Denominator:			
Weighted-average number of shares outstanding--Basic	67,060	69,933	68,301
Effect of stock options	--	5,306	6,485
	-----	-----	-----
Weighted-average number of shares outstanding--Diluted	67,060	75,239	74,786
	=====	=====	=====
Basic earnings (loss) per share	\$ (0.66)	\$ 3.30	\$ 7.79
Diluted earnings (loss) per share	(0.66)	3.07	7.12

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

The following securities have been excluded from the dilutive per share computation as they are antidilutive

	Year ended July 31		
	1999	2000	2001
Stock options:.....	3,587,966	449,500	1,163,500

13. Net2Phone Subsidiary Stock Sales

During the year ended July 31, 2000, the Company recognized approximately \$350,344,000 in gains, including gain on sales of subsidiary stock related to Net2Phone stock sales as follows:

On August 3, 1999, Net2Phone completed an initial public offering of 6,210,000 shares of common stock at an initial public offering price of \$15.00 per share, resulting in net proceeds of approximately \$85,300,000. Upon completion of the initial public offering, 3,140,000 shares of Net2Phone Series A Preferred Stock were converted into 9,420,000 shares of Net2Phone Class A Stock. As a result of the initial public offering and concurrent conversion of Series A Stock to Class A stock, the Company's ownership percentage in Net2Phone decreased from approximately 90.0% to approximately 56.2%. In connection with such offering, the Company recorded a gain on sale of stock by a subsidiary of approximately \$65,464,000. Such gain is included in gain on sales of subsidiary stock for the year ended July 31, 2000. Deferred taxes of \$26,200,000 have been provided on the gain.

In December 1999, Net2Phone completed a secondary offering of 6,300,000 shares of common stock at a price of \$55.00 per share. In connection with this offering, IDT also sold 2,200,000 shares of Net2Phone common stock at \$55.00 per share. Proceeds to the Company, after deducting underwriting discounts and commissions and offering expenses were approximately \$292,800,000. The Company's ownership interest in Net2Phone before and after these transactions decreased from 56.2% to 47.97%. The Company recorded gains on sales of stock of approximately \$182,594,000 in connection with these offerings. Such gains are included in gain on sales of subsidiary stock for the year ended July 31, 2000. Deferred taxes of approximately \$30,700,000 have been provided for these gains.

In March 2000, the Company acquired 806,452 shares of Yahoo! Inc. in exchange for 2,777,778 shares of Net2Phone common stock at a then equivalent market value of approximately \$150,000,000. In connection with this transaction, the Company recorded a gain on sale of subsidiary stock of \$102,286,000.

14. TyCom Settlement

On October 10, 2000, IDT reached a full and final settlement with TyCom Ltd. ("TyCom") of all pending claims brought against one another and their respective affiliates. The settlement agreement is subject to a confidentiality agreement among the parties and only the following disclosure by IDT is permitted under the terms of that agreement.

Under the terms of the settlement, TyCom granted to IDT Europe B.V.B.A. ("IDT Europe"), free of charge, certain exclusive rights to use capacity on the transatlantic and transpacific segments of TyCom's global undersea fiber optic network (the "TyCom Global Network"), which TyCom is currently deploying. The settlement agreement provides for IDT Europe to obtain exclusive indefeasible rights to use two 10 Gb/s wavelengths on the transatlantic segment and two 10 Gb/s wavelengths on the transpacific segment for fifteen years from the applicable Handover Dates ("IRU") (as described below). TyCom previously announced that it expects the TyCom transatlantic network to be ready for service in September 2001, and the TyCom transpacific network to be ready for service in the second quarter of 2002, the respective "Ready for Service Dates." Under the terms of the settlement agreement, the Handover Dates for the wavelengths on the transatlantic segment are nine months (for the first wavelength) and 18 months (for the second wavelength), respectively, after the Ready for Service Date of the TyCom transatlantic network; and the Handover Date

IDT CORPORATION
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS--(Continued)

for the wavelengths on the transpacific segment are nine months (for the first wavelength) and 18 months (for the second wavelength), respectively, after the Ready for Service Date of the TyCom transpacific network.

Operation, administration and maintenance for the wavelengths used by the Company will be provided by TyCom for a fifteen year period after the relevant Handover Date, free of charge. TyCom has also granted the Company certain rights to resell any unused capacity on the wavelengths through TyCom as its sole and exclusive agent. In addition, the Company will also have the option, exercisable at least annually, to convert the available capacity on its wavelengths to available equivalent capacity on another portion of the TyCom Global Network. In recognition of the settlement, a gain of \$313,486,000 was included as a component of "Other income" in the second quarter of Fiscal 2001. Due to a significant decline in IRU pricing and on demand for bandwidth capacity, the Company subsequently re-evaluated the recoverability of the carrying value of its IRU in accordance with SFAS No. 121 and as a result, the Company has recorded an impairment loss of \$193,400,000 in the fourth quarter of Fiscal 2001 to reflect the asset's fair value.

16. Subsequent Events

On October 23, 2001 IDT entered into an agreement to lead a consortium that would concentrate ownership of approximately 50% (64% of the voting power) of Net2Phone. The consortium consists of IDT, Liberty Media, and AT&T, resulting in significant economic stakes in Net2Phone for all three parties. As part of the agreement, IDT and AT&T contributed their shares of Net2Phone (approximately 10.0 million and 18.9 million shares, respectively) to a newly formed Limited Liability Company (LLC). Liberty then acquired a substantial portion of the LLC's units from AT&T, while IDT increased its stake and AT&T retained a significant interest. IDT will be the managing member of th LLC.

IDT CORPORATION

FINANCIAL STATEMENT SCHEDULE--VALUATION AND QUALIFYING ACCOUNTS

	Balance at Beginning of Period -----	Additions Charged to Costs and Expenses -----	Deductions (1) -----	Balance at End of Period -----
1999				
Reserves deducted from accounts receivable:				
Allowance for doubtful accounts....	\$ 6,255,000	\$ 5,558,000	\$ (4,170,000)	\$ 7,643,000
2000				
Reserves deducted from accounts receivable:				
Allowance for doubtful accounts....	7,643,000	20,154,000	(1,026,000)	26,771,000
2001				
Reserves deducted from accounts receivable:				
Allowance for doubtful accounts....	26,771,000	32,873,000	(37,136,000)	22,508,000

(1) Uncollectible accounts written off, net of recoveries.

REF. #	INV. #	DATE	INVOICE AMOUNT	INVOICE DESCRIPTION	AMOUNT PAID
166556	ST030102	03-02-01	250.00	FILING FEE	250.00
CUSTOMER NO.					

TC02-027

ALL ORIGINAL DOCUMENTS PRINTED ON CHEMICAL REACTIVE PAPER WITH AN ARTIFICIAL WATERMARK. HOLD AT AN ANGLE FOR VIEW.

SWIDLER BERLIN SHEREFF FRIEDMAN, LLP
 3000 K STREET, N.W. SUITE 300
 WASHINGTON, DC 20007

CHECK DATE
 03/01/02

CHECK NO. D 137161

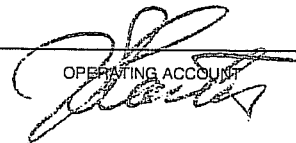
Citibank DC Operating
 1775 Pennsylvania Avenue, NW
 Suite 440
 Washington, DC 20006

CHECK AMOUNT
 250.00*****

TWO HUNDRED FIFTY AND 00/100 Dollars

TWO SIGNATURES REQUIRED ON CHECK
 OVER \$10,000.00

PAY TO THE ORDER OF
 South Dakota Public Utilities Commission

OPERATING ACCOUNT


South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of March 21, 2002 through March 27, 2002

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this report. Phone: 605-773-3705 Fax: 605-773-3809

TELECOMMUNICATIONS

TC02-026 In the Matter of the Application of Kiger Telephone & Telephony, LLC for a Certificate of Authority to Provide Interexchange Telecommunications Services in South Dakota.

On March 21, 2002, Kiger Telephone & Telephony, LLC filed an application for a Certificate of Authority to provide interexchange telecommunications services in South Dakota. Kiger intends to provide resold interexchange services, including 1+ and 101XXXX outbound dialing, 800/888 toll-free inbound dialing, directory assistance, data services and travel card service throughout South Dakota.

Staff Analyst: Michele Farris
Staff Attorney: Kelly Frazier
Date Docketed: 03/21/02
Intervention Deadline: 04/12/02

TC02-027 In the Matter of the Filing for Approval of Transfer of Certificate of Authority from Winstar Wireless, Inc. to Winstar Communications, LLC.

On May 18, 1999, Winstar Wireless, Inc. received a Certificate of Authority to provide resold interexchange telecommunications services in South Dakota. On March 21, 2002, Winstar Wireless, Inc. and Winstar Communications, LLC. filed a joint application to transfer the Certificate of Authority of Winstar Wireless, Inc. to Winstar Communications, LLC.

Staff Analyst: Keith Senger
Staff Attorney: Kelly Frazier
Date Docketed: 03/21/02
Intervention Deadline: 04/12/02

TC02-028 In the Matter of the Filing for Approval of Statement of Generally Available Terms and Conditions for Interconnection, Unbundled Network Elements, Ancillary Services and Resale of Telecommunications Services between Qwest Corporation and KMC Telecom V, Inc.

On March 22, 2002, the Commission received for approval a Filing of Statement of Generally Available Terms and Conditions for Interconnection, Unbundled Network Elements, Ancillary Services and Resale of Telecommunications Services between Qwest Corporation (Qwest) and KMC Telecom V, Inc. (KMC) for the State of South Dakota. According to the parties, the Agreement is a negotiated agreement which sets forth the terms, conditions and prices under which Qwest will offer and provide to any requesting CLEC network interconnection, access to unbundled network elements, ancillary services and telecommunications services available for resale within the

geographical areas in which Qwest is providing local exchange service at that time and for which Qwest is the incumbent local exchange carrier within the State of South Dakota for purposes of providing local telecommunications services. Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than April 11, 2002. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Kelly Frazier
Date Docketed: 03/22/02
Initial Comments Due: 04/11/02

TC02-029 In the Matter of the Application of Accxx Communications, LLC for a Certificate of Authority to Provide Interexchange Telecommunications Services in South Dakota.

On March 27, 2002, Accxx Communications, LLC filed an application for a Certificate of Authority to provide interexchange telecommunications services in South Dakota. The Applicant is a reseller which intends to offer 1+ and 101XXXX outbound dialing, 800/888 toll-free inbound dialing, directory assistance, data services and travel card services.

Staff Analyst: Heather Forney
Staff Attorney: Karen Cremer
Date Docketed: 03/27/02
Intervention Deadline: 04/12/02

TC02-030 In the Matter of the Filing for Approval of an Amendment to an Interconnection Agreement between Qwest Corporation and Sprint Communications Company L.P.

On March 27, 2002, the Commission received for approval a Filing of an Amendment to the Interconnection Agreement between Sprint Communications Company L.P. (Sprint) and Qwest Corporation (Qwest). According to the parties, this is an Amendment to a negotiated interconnection agreement between Sprint and Qwest which was approved by the Commission effective November 13, 2001, in Docket No. TC01-151. According to the parties, the Agreement is amended by adding terms and conditions for the Advice Adoption Letter process as set forth in Attachment 1 and Exhibits A & B to this Amendment, attached to the Amendment by replacing Section (A)3.26 in its entirety as specified on Attachment 2, attached to the Amendment and by adding terms and conditions for Collocation, Cancellation and Collocation Decommission as set forth in Attachment 3 and Attachment 4 attached to the Amendment. Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than April 16, 2002. Parties to the agreement may file written responses to the comments no later than twenty days after the service of the initial comments.

Staff Attorney: Karen E. Cremer
Date Docketed: 03/27/02
Initial Comments Due: 04/16/02

ORIGINAL

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April 9, 2002

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APR 10 2002

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

BY OVERNIGHT MAIL

Debra Elofson, Executive Director
South Dakota Public Utilities Commission
500 E. Capitol Avenue
Capitol Building, 1st Floor
Pierre, SD 57501-5070

**Re: SDPUC Docket TC02-027: Emergency Joint Application of Winstar
Wireless, Inc. and Winstar Communications, LLC to Transfer the
Certificate of Authority of Winstar Wireless, Inc. to Winstar
Communications, LLC**

Dear Ms. Elofson:

On behalf of Winstar Wireless, Inc. and Winstar Communications, LLC ("New Winstar") (together, the "Applicants"), enclosed please find an original and ten (10) copies of New Winstar's response to Commission Staff's information request dated March 27, 2002. Please associate this filing with the above-referenced docket.

Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed, postage-paid envelope attached. Should you have any questions concerning this filing, please do not hesitate to contact us.

Respectfully submitted,



Jean L. Kiddoo
Brett P. Ferenczak

Counsel for Applicants

Enclosure

cc: Keith Senger (SD PUC)
Kimberley A. Bradley
Carl Billek

**Response of Winstar Communications, LLC
to Request for Information of Keith Senger, Utility Analyst**

- 1. Please provide “[a] description of the telecommunications services the applicant intends to offer.” [ARSD 20:10:24:02(5)]**

As stated in the Application, Winstar Communications, LLC (“New Winstar” or “Applicant”) currently intends to offer the same interexchange telecommunications services that are currently offered by Winstar Wireless, Inc. (“Old Winstar”). Specifically, New Winstar will offer: 1+ long distance services, post-paid calling cards, directory assistance, operator assisted calls and ancillary services.

SDPUC Docket TC02-027

**Response of Winstar Communications, LLC
to Request for Information of Keith Senger, Utility Analyst**

- 2. Please provide “[a] detailed statement of the means by which the applicant will provide its services.” [ARSD 20:1-:24:02(6)]**

New Winstar will provide its interexchange telecommunications services through the same means as currently used by Old Winstar to provide services. Specifically, New Winstar will provide services through the resale of the underlying services of other carriers. New Winstar has not installed nor does it currently plan to install any equipment, plant, or facilities in South Dakota. In the event New Winstar subsequently formulates plans for the installation of facilities in South Dakota, it will comply with all applicable Commission regulations.

**Response of Winstar Communications, LLC
to Request for Information of Keith Senger, Utility Analyst**

3. **The financial statements submitted were for IDT Corporation, an indirect parent/holding company of Winstar Communications, LLC. Please provide the financial statements for the applicant, Winstar Communications, LLC. [ARSD 20:10:24:02(8)]**

As a newly formed company, New Winstar does not have financial statements and, therefore, requests a waiver from having to provide financial statements. New Winstar submits that it is financially well qualified to offer the proposed services in South Dakota in light of the approximately \$60 million operating capital already contributed to New Winstar by its parent company, and the financial strength of its parent. However, as required by the Commission, New Winstar will provide a \$25,000 bond.

SDPUC Docket TC02-027

**Response of Winstar Communications, LLC
to Request for Information of Keith Senger, Utility Analyst**

- 4. Please provide a “a copy of applicant’s tariff with the terms and conditions of service.” [ARSD 20:10:24:02(8)]**

New Winstar has attached its proposed South Dakota P.U.C. Tariff No. 1 as Exhibit A.

**Response of Winstar Communications, LLC
to Request for Information of Keith Senger, Utility Analyst**

- 5. Please provide “a description of how the applicant handles”...“customer service matters.” [ARSD 20:10:24:02(9)]**

New Winstar has a customer service center, whose contact information was provided in the Application, which handles all customer service matters. When the customer service center receives oral communication from a customer, a customer service representative attempts to immediately resolve the customer’s concern. If the customer service representative is unable to do so, he/she creates a customer service ticket, which is then forwarded to the appropriate personnel for resolution.

**Response of Winstar Communications, LLC
to Request for Information of Keith Senger, Utility Analyst**

6. **Please provide a statement “whether the applicant has ever been denied registration or certification in any state and the reasons for any such denial, a statement as to whether or not the applicant is in good standing with the appropriate regulatory agency in the states where it is registered or certified, and a detailed explanation of why the applicant is not in good standing in a given state, if applicable.” [ARSD 20:10:24:02(10)]**

New Winstar has not been denied registration or certification in any state. New Winstar is in good standing in all states where it is registered or certified.

**Response of Winstar Communications, LLC
to Request for Information of Keith Senger, Utility Analyst**

7. **Please provide “[a] description of how the applicant intends to market its services” and “whether the applicant engages in any multilevel marketing, and copies of any company brochures used to assist in the sale of services.” [ARSD 20:10:24:02(11)]**

New Winstar initially does not intend actively to market its interexchange services in South Dakota, nor will New Winstar engage in multilevel marketing. New Winstar will maintain the existing base of customers that are presently served by Old Winstar. Old Winstar’s existing South Dakota customers are typically small- and medium-sized businesses. As these are existing customers, New Winstar will not need to market its services actively to them.

**Response of Winstar Communications, LLC
to Request for Information of Keith Senger, Utility Analyst**

8. **The applicant's response to ARSD 20:10:24:02(2) states: "New Winstar will provide the proposed services under the name "Winstar Communications, LLC." However, page 10 of the applications states: "New Winstar will operate under the "Winstar name." Please explain this contradiction.**

The statement that "New Winstar will operate under the 'Winstar' name" was meant to convey that existing Old Winstar customers will continue to receive services from a familiar name, although it will now be Winstar Communications, LLC rather than Winstar Wireless, Inc. The letterhead logo, for example, will likely be "Winstar". Further, Winstar Communications, LLC will be able to capitalize on the good will of the "Winstar" name, although the full corporate name has changed slightly.

SDPUC Docket TC02-027

**Response of Winstar Communications, LLC
to Request for Information of Keith Senger, Utility Analyst**

EXHIBIT A

Proposed Interexchange Tariff of
Winstar Communications, LLC

Interexchange Communications Services

WINSTAR COMMUNICATIONS, LLC

TOLL SERVICES

REGULATIONS AND SCHEDULE OF INTRASTATE CHARGES

APPLYING TO TOLL

COMMUNICATIONS SERVICES WITHIN

THE STATE OF SOUTH DAKOTA

Issued: April 10, 2002

Issued By:

Kimberley Bradley
Senior Director of Regulatory Affairs
1850 M Street, N.W., Suite 300
Washington, D.C. 20036

Effective:

Interexchange Communications Services

CHECK SHEET

<u>Page</u>	<u>Revisions</u>	<u>Page</u>	<u>Revisions</u>	<u>Page</u>	<u>Revisions</u>
Title Page	Original				
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2	Original	31	Original	60	Original
3	Original	32	Original		
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Interexchange Communications Services

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Interexchange Communications Services

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Interexchange Communications Services

**EXPLANATION OF SYMBOLS, REFERENCE
MARKS, AND ABBREVIATIONS OF TECHNICAL
TERMS USED IN THIS TARIFF**

The following symbols shall be used in this tariff for the purpose indicated below:

- (C) To signify changed listing, rule, or condition which may affect rates or charges.
- (D) To signify decreased rate.
- (I) To signify a rate or charge increase.
- (M) To signify material relocated without change in text or rate.
- (N) To signify new material.
- (R) To signify a reduction.
- (T) To signify a change in text but no change in rate or regulation.

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Interexchange Communications Services

TARIFF FORMAT

- A. Page Numbering - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the Tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between pages 14 and 15 would be 14.1.
- B. Page Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4th revised Page 14 cancels the 3rd revised Page 14. Because of various suspension periods, deferrals, etc. the Commission follows in its tariff approval process, the most current page number on file with the Commission is not always the Tariff page in effect.
- C. Paragraph Numbering Sequence - There are various levels of alphanumeric coding. Each level of coding is subservient to its next higher level. The following is an example of the numbering sequence used in this tariff.
- 2.1.
 - 2.1.1.
 - 2.1.1.1.
 - 2.1.1.1.1.
 - 2.1.1.1.1.(A).
- D. Check Sheets - When a tariff filing is made with the Commission, an updated check sheet accompanies the tariff filing. The check sheet lists the pages contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is updated to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). Company will use no other symbols on the check sheet if these are the only changes made to it (i.e., the format, etc. remains the same, just revised revision levels on some pages). The tariff user should refer to the latest check sheet to find out if a particular page is the most current on file with the Commission.

Issued: April 10, 2002

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Senior Director of Regulatory Affairs
1850 M Street, N.W., Suite 300
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Interexchange Communications Services

APPLICATION OF TARIFF

This tariff sets forth the service offerings, rates, terms and conditions applicable to the furnishing of intrastate toll communications services by Winstar Communications, LLC ("Winstar"), to customers within the State of South Dakota. At this time, Winstar's service is available only to business customers.

Issued: April 10, 2002
Issued By:

Kimberley Bradley
Senior Director of Regulatory Affairs
1850 M Street, N.W., Suite 300
Washington, D.C. 20036

Effective:

Interexchange Communications Services

DEFINITIONS

Certain terms used generally throughout this tariff are defined below.

Account Codes: Permits Centrex Stations and attendants to dial an account code number of up to eight digits. For use when placing calls over facilities arranged for Automatic Message Accounting (AMA) recording. The account or project number must be input prior to dialing the called number.

Advance Payment: Part or all of a payment required before the start of service.

Automatic Number Identification (ANI): Allows the automatic transmission of a caller's billing account telephone number to a local exchange company, interexchange carrier or a third party subscriber. The primary purpose of ANI is to allow for billing of toll calls.

Bit: The smallest unit of information in the binary system of notation.

Call Back/Camp On: Permits a station line encountering an all-trunk-busy condition the option of being notified when a trunk becomes idle.

Call Forwarding:

Call Forwarding Station: Allows calls directed to a station line to be routed to a user defined line inside or outside the customer's telephone system.

Call Forwarding System: Permits calls attempting to terminate to a busy station line to be re-directed to a predetermined line inside or outside the customer's telephone system.

Call Forwarding Remote: This optional feature allows a user to activate/deactivate the Call Forwarding - All Calls feature or change the forwarded to telephone number from a remote location.

Interexchange Communications Services

DEFINITIONS (CONT'D)

Call Forwarding: (Cont'd)

Call Forwarding Busy: Allows incoming calls to a busy station to be routed to a preselected station line or attendant within the same system or outside the system. Intercom calls can be arranged to be forwarded to a number different from DID calls.

Call Forwarding Don't Answer: Allows incoming calls to be automatically routed to a preselected station line or attendant in the same system or outside the system, when the called station is not answered after a preset number of rings. Intercom calls can be arranged to be forwarded to a number different from DID calls.

Call Forwarding Variable Limited: When this feature is activated by a station line user or the attendant, incoming calls to the activated station line or attendant position will be automatically routed to any other selected station line, within the same Centrex system, or to the attendant position. The attendant may also activate this feature for a station line user.

Call Forwarding Variable Unlimited: The same a Call Forwarding Variable Limited except that incoming calls may be automatically routed to a telephone number outside the Centrex system or to station lines within the same Centrex system. The attendant may not activate this feature to a telephone number outside the Centrex system for a station line use. Calls forwarded outside the Centrex system are subject to the appropriate charges for local and toll messages.

Call Hold: Allows the user to hold one call for any length of time provided that neither party goes on-hook.

Call Park: Allows a station line to park a call against its own line number. The parked call can be retrieved from any station line by dialing a feature code and the line number against which the call is parked.

Issued: April 10, 2002

Effective:

Issued By:

Kimberley Bradley
Senior Director of Regulatory Affairs
1850 M Street, N.W., Suite 300
Washington, D.C. 20036

Interexchange Communications Services

DEFINITIONS (CONT'D)

Call Pickup: Allows a station line to answer incoming calls to another station line within a defined call pickup group. Call pickup is provided on individual station lines within a customer group.

Call Transfer: Allows a station line user to transfer any established call to another station line inside or outside the customer group without the assistance of the attendant.

Call Waiting: Permits a line in the talking state to be alerted by a tone when another call is attempting to complete to the line. Audible ringing is returned to the originating line. The Service also provides a hold feature that is activated by a switchhook flash.

Communications Services: The Company's intrastate toll and local exchange switched telephone services offered for both intraLATA and interLATA use.

Company: Winstar Communications , LLC ("WinStar"), the issuer of this tariff.

Customer or Subscriber: The person, firm or corporation which orders service and is responsible for the payment of charges and compliance with the Company's regulations.

Dial Pulse (or "DP"): The pulse type employed by rotary dial station sets.

Direct Inward Dial (or "DID"): A service attribute that routes incoming calls directly to stations, by-passing a central answering point.

Direct Outward Dial (or "DOD"): A service attribute that allows individual station users to access and dial outside numbers directly.

Do Not Disturb: Permits the attendant to cut off a single station line and selected groups of station lines from receiving incoming and station-to-station calls.

Dual Tone Multi-Frequency (or "DTMF"): The pulse type employed by tone dial station sets.

Issued: April 10, 2002

Issued By:

Kimberley Bradley
Senior Director of Regulatory Affairs
1850 M Street, N.W., Suite 300
Washington, D.C. 20036

Effective:

Interexchange Communications Services

DEFINITIONS (CONT'D)

Duplex Service: Service which provides for simultaneous transmission in both directions.

Fiber Optic Cable: A thin filament of glass with a protective outer coating through which a light beam carrying communications signals may be transmitted by means of multiple internal reflections to a receiver, which translates the message.

Hunting: Routes a call to an idle station line in a prearranged group when the called station line is busy.

In-Only: A service attribute that restricts outward dial access and routes incoming calls to a designated answer point.

Joint User: A person, firm or corporation which is designated by the Customer as a user of services furnished to the Customer by WinStar and to whom a portion of the charges for the service will be billed under a joint user arrangement as specified herein.

Kbps: Kilobits per second, denotes thousands of bits per second.

Last Number Redial: Enables a station line user to redial the last called number by use of an access code rather than dialing the entire number.

LATA: A Local Access and Transport Area established pursuant to the Modification of Final Judgment entered by the United States District Court for the District of Columbia in Civil Action No. 82-0192; or any other geographic area designated as a LATA in the National Exchange Carrier Association, Inc. Tariff F.C.C. No. 4.

Mbps: Megabits, denotes millions of bits per second.

Multi-Frequency or ("MF"): An inter-machine pulse-type used for signaling between telephone switches, or between telephone switches and PBX/key systems.

Recurring Charges: The monthly charges to the Customer for services, facilities and equipment, which continue for the agreed upon duration of the service.

Interexchange Communications Services

DEFINITIONS (CONT'D)

Service Commencement Date: The first day following the date on which the Company notifies the Customer that the requested service or facility is available for use, unless extended by the Customer's refusal to accept service which does not conform to standards set forth in the Service Order or this tariff, in which case the Service Commencement Date is the date of the Customer's acceptance. The Company and Customer may mutually agree on a substitute Service Commencement Date.

Service Order: The written request for Network Services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff, but the duration of the service is calculated from the Service Commencement Date.

Shared: A facility or equipment system or subsystem that can be used simultaneously by several Customers.

Speed Calling: Permits a station line user to dial selected numbers by using fewer digits than normally required. This is accomplished through the assignment of abbreviated codes to frequently called numbers. The speed calling list is customer-changeable.

System: Allows shared use of speed calling list. A control station will add, change or delete telephone numbers from the list for the group.

Station: Allows a station line user to add, change or delete telephone numbers from a speed calling list. The list is dedicated to the individual station line user.

Three-Way Calling: Allows a station line user to add a third party to an existing conversation.

Two Way: A service attribute that includes outward dial capabilities for outbound calls and can also be used to carry inbound calls to a central point for further processing.

User or End User: A Customer, Joint User, or any other person authorized by a Customer to use service provided under this tariff.

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Interexchange Communications Services

REGULATIONS

2.1 Undertaking of the Company

2.1.1 Scope

The Company undertakes to furnish communications service pursuant to the terms of this tariff in connection with one-way and/or two-way information transmission between points within the State of South Dakota.

Customers and users may use services and facilities provided under this tariff to obtain access to services offered by other service providers. The Company is responsible under this tariff only for the services and facilities provided hereunder, and it assumes no responsibility for any service provided by any other entity that purchases access to the Company network in order to originate or terminate its own services, or to communicate with its own customers.

Interexchange Communications Services

REGULATIONS (CONT'D)

2.1 Undertaking of the Company (Cont'd)

2.1.2 Shortage of Equipment or Facilities

2.1.2.1 The Company reserves the right to limit or to allocate the use of existing facilities, or of additional facilities offered by the Company, when necessary because of lack of facilities, or due to some other cause beyond the Company's control.

2.1.2.2 The furnishing of service under this tariff is subject to the availability on a continuing basis of all the necessary facilities and is limited to the capacity of the Company's facilities as well as facilities the Company may obtain from other carriers to furnish service from time to time as required at the sole discretion of the Company.

Interexchange Communications Services

REGULATIONS (CONT'D)

2.1 Undertaking of the Company (Cont'd)

2.1.3 Terms and Conditions

2.1.3.1 Service is provided on the basis of a minimum period of at least one month, 24-hours per day. For the purpose of computing charges in this tariff, a month is considered to have thirty (30) days.

2.1.3.2 Customers may be required to enter into written service orders which shall contain or reference a specific description of the service ordered, the rates to be charged, the duration of the services, and the terms and conditions in this tariff. Customer will also be required to execute any other documents as may be reasonably requested by the Company.

2.1.3.3 At the expiration of the initial term specified in each Service Order, or in any extension thereof, service shall continue on a month to month basis at the then current rates unless terminated by the Customer on five (5) days notice orally or in writing or by the Company on seven (7) days notice for suspension of service(s) or ten (10) days notice for termination of service(s) or ten (10) days notice to start after suspension of service(s). Any termination shall not relieve Customer of its obligation to pay any charges incurred under the service order and this tariff prior to termination. The rights and obligations which by their nature extend beyond the termination of the term of the service order shall survive such termination.

2.1.3.4 In any action between the parties to enforce any provision to this tariff, the prevailing party shall be entitled to recover its legal fees and court costs from the non-prevailing party in addition to other relief a court may award.

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REGULATIONS (CONT'D)

2.1 Undertaking of the Company (Cont'd)

2.1.3 Terms and Conditions (Cont'd)

2.1.3.5 Service may be terminated upon written notice to the Customer if:

- A. the Customer is using the service in violation of this tariff; or
- B. the Customer is using the service in violation of the law.

2.1.3.6 This tariff shall be interpreted and governed by the laws of the State of South Dakota without regard for its choice of laws provision.

2.1.3.7 Another Telephone Company must not interfere with the right of any person or entity to obtain service directly from the Company. No person or entity shall be required to make any payment, incur any penalty, monetary or otherwise, or purchase any services in order to have the right to obtain service directly from the Company.

2.1.3.8 To the extent that either the Company or any Other Telephone Company exercises control over available cable pairs, conduit, duct space, raceways, or other facilities needed by the other to reach a person or entity, the party exercising such control shall make them available to the other on terms equivalent to those under which the Company makes similar facilities under its control available to its customers. At the reasonable request of either party, the Company and the Other Telephone Company shall join the attempt to obtain from the owner of the property access for the other party to serve a person or entity.

Interexchange Communications Services

REGULATIONS (CONT'D)2.1 Undertaking of the Company (Cont'd)2.1.4 Liability of the Company

2.1.4.1 The liability of the Company for damages arising out of the furnishing of its Services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or arising out of the failure to furnish the service, whether caused by acts or omission, shall be limited to the extension of allowances for interruption as set forth in 2.6. The extension of such allowances for interruption shall be the sole remedy of the Customer and the sole liability of the Company. The Company will not be liable for any direct, indirect, incidental, special, consequential, exemplary or punitive damages to Customer as a result of any Company service, equipment or facilities, the acts or omissions or negligence, except for willful neglect or willful default of the Company's employees or agents.

2.1.4.2 The Company shall not be liable for any delay or failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood, explosion or other catastrophes; any law, order, regulation, direction, action, or request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency, commission, bureau, corporation, or other instrumentality of any one or more of these federal, state, or local governments, or of any civil or military authority; national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials; or strikes, lock-outs, work stoppages, or other labor difficulties.

2.1.4.3 The Company shall not be liable for any act or omission of any entity furnishing to the Company or to the Company's Customers facilities or equipment used for or with the services the Company offers except where contracted by the Company.

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REGULATIONS (CONT'D)

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company (Cont'd)

2.1.4.4 The Company shall not be liable for any damages or losses due to the fault or negligence of the Customer or due to the failure or malfunction of Customer-provided equipment or facilities.

2.1.4.5 The Company does not guarantee nor make any warranty with respect to installations it provides for use in an explosive atmosphere. The Customer indemnifies and holds the Company harmless from any and all loss, claims, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted, or asserted by any other party or person(s), and for any loss, damage, or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, removal presence, condition, location, or use of any installation so provided. The Company reserves the right to require each Customer to sign an agreement acknowledging acceptance of the provisions of this section 2.1.4.5 as a condition precedent to such installations.

2.1.4.6 The Company is not liable for any defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof, unless such defacement or damage is caused by negligence or willful misconduct of the Company's agents or employees.

2.1.4.7 The Company shall not be liable for any claim, loss or damage arising from Customer's use of services, involving claims for libel, slander, invasion of privacy, or infringement of copyright arising from the Customer's own communications.

Interexchange Communications Services

REGULATIONS (CONT'D)

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company (Cont'd)

2.1.4.8 The entire liability for any claim, loss, damage or expense from any cause whatsoever shall in no event exceed sums actually paid Company by Customer for the specific services giving rise to the claim. No action or proceeding against the Company shall be commenced more than one year after the service is rendered.

2.1.4.9 THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

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REGULATIONS (CONT'D)

2.1 Undertaking of the Company (Cont'd)

2.1.5 Notification of Service-Affecting Activities

The Company will provide the Customer reasonable notification of service-affecting activities that may occur in normal operation of its business. Such activities may include, but are not limited to, equipment or facilities additions, removals or rearrangements and routine preventative maintenance. Generally, such activities are not specific to an individual Customer but affect many Customers' services. No specific advance notification period is applicable to all service activities. The Company will work cooperatively with the Customer to determine the reasonable notification requirements. With some emergency or unplanned service affecting conditions, such as an outage resulting from equipment damage, notification to the Customer may not be possible.

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REGULATIONS (CONT'D)

2.1 Undertaking of the Company (Cont'd)

2.1.6 Provision of Equipment and Facilities

2.1.6.1 The Company shall use reasonable efforts to make available services to a Customer on or before a particular date, subject to the provisions of and compliance by the Customer with, the regulations contained in this tariff. The Company does not guarantee availability by any such date and shall not be liable for any delays in commencing service to any Customer except as provided by contract.

2.1.6.2 The Company shall use reasonable efforts to maintain only the facilities and equipment that it furnishes to the Customer. The Customer may not, nor may Customer permit others to, rearrange, disconnect, remove, attempt to repair, or otherwise interfere with any of the facilities or equipment installed by the Company, except upon the written consent of the Company.

2.1.6.3 The Company may substitute, change or rearrange any equipment or facility at any time and from time to time, but shall not thereby alter the technical parameters of the service provided the Customer.

2.1.6.4 Equipment the Company provides or installs at the Customer Premises for use in connection with the services the Company offers shall not be used for any purpose other than that for which the Company provided it.

2.1.6.5 The Customer shall be responsible for the payment of service charges as set forth herein for visits by the Company's agents or employees to the Premises of the Customer when the service difficulty or trouble report results from the use of equipment or facilities provided by any party other than the Company, including but not limited to the Customer.

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REGULATIONS (CONT'D)

2.1 Undertaking of the Company (Cont'd)

2.1.6 Provision of Equipment and Facilities (Cont'd)

2.1.6.6 The Company shall not be responsible for the installation, operation, or maintenance of any Customer provided communications equipment. Where such equipment is connected to the facilities furnished pursuant to this tariff, the responsibility of the Company shall be limited to the furnishing of facilities offered under this tariff and to the maintenance and operation of such facilities. Subject to this responsibility, the Company shall not be responsible for:

- A. the transmission of signals by Customer provided equipment or for the quality of, or defects in, such transmission; or
- B. the reception of signals by Customer-provided equipment.

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REGULATIONS (CONT'D)

2.1 Undertaking of the Company (Cont'd)

2.1.7 Nonroutine Installation

At the Customer's request, installation and/or maintenance may be performed outside the Company's regular business hours or in hazardous locations. In such cases, charges based on cost of the actual labor, material, or other costs incurred by or charged to the Company will apply. If installation is started during regular business hours but, at the Customer's request, extends beyond regular business hours into time periods including, but not limited to, weekends, holidays, and/or night hours, additional charges may apply.

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REGULATIONS (CONT'D)

2.1 Undertaking of the Company (Cont'd)

2.1.8 Special Construction

Subject to the agreement of the Company and to all of the regulations contained in this tariff, special construction of facilities may be undertaken on a reasonable efforts basis at the request of the Customer. Special construction is that construction undertaken:

2.1.8.1 where facilities are not presently available, and there is no other requirement for the facilities so constructed;

2.1.8.2 of a type other than that which the Company would normally utilize in the furnishing of its services;

2.1.8.3 over a route other than that which the Company would normally utilize in the furnishing of its services;

2.1.8.4 in a quantity greater than that which the Company would normally construct;

2.1.8.5 on an expedited basis;

2.1.8.6 on a temporary basis until permanent facilities are available;

2.1.8.7 involving abnormal costs; or

2.1.8.8 in advance of its normal construction.

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REGULATIONS (CONT'D)

2.1 Undertaking of the Company (Cont'd)

2.1.9 Ownership of Facilities (Cont'd)

Title to all facilities provided in accordance with this tariff remains in the Company, its agents or contractors.

Interexchange Communications Services

REGULATIONS (CONT'D)

2.2 Prohibited Uses

- 2.2.1 The services the Company offers shall not be used for any unlawful purpose or for any use as to which the Customer has not obtained all required governmental approvals, authorizations, licenses, consents and permits.
- 2.2.2 The Company may require applicants for service who intend to use the Company's offerings for resale and/or for shared use to file a letter with the Company confirming that their use of the Company's offerings complies with relevant laws and Commission regulations, policies, orders, and decisions.
- 2.2.3 The Company may require a Customer to immediately shut down its transmission of signals if said transmission is causing interference to others.
- 2.2.4 A Customer, joint user, or authorized user may not assign, or transfer in any manner, the service or any rights associated with the service without the written consent of the Company. The Company will permit a Customer to transfer its existing service to another entity if the existing Customer has paid all charges owed to the Company for regulated communications services. Such a transfer will be treated as a disconnection of existing service and installation of new service, and non-recurring installation charges as stated in this tariff will apply.

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REGULATIONS (CONT'D)

2.3 Obligations of the Customer

2.3.1 General

The Customer shall be responsible for:

2.3.1.1 the payment of all applicable charges pursuant to this tariff;

2.3.1.2 damage to or loss of the Company's facilities or equipment caused by the acts or omissions of the Customer; or the noncompliance by the Customer, with these regulations; or by fire or theft or other casualty on the Customer Premises, unless caused by the negligence or willful misconduct of the employees or agents of the Company;

2.3.1.3 providing at no charge, as specified from time to time by the Company, any needed personnel, equipment space and power to operate Company facilities and equipment installed on the premises of the Customer Premises, and the level of heating and air conditioning necessary to maintain the proper operating environment on such premises;

2.3.1.4 any and all costs associated with the obtaining and maintaining the rights-of-way described herein, including the costs of altering the structure to permit installation of the Company provided facilities, shall be borne entirely by, or may be charged by the Company subject to, the Customer's prior approval. The Company may require the Customer to demonstrate its compliance with this section prior to accepting an order for service.

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Interexchange Communications Services

REGULATIONS (CONT'D)

2.3 Obligations of the Customer (Cont'd)

2.3.1 General (Cont'd)

2.3.1.5 providing a safe place to work and complying with all laws and regulations regarding the working conditions on the premises at which Company employees and agents shall be installing or maintaining the Company's facilities and equipment. The Customer may be required to install and maintain Company facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company employees or property might result from installation or maintenance by the Company. The Customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material (e.g. friable asbestos) prior to any construction or installation work;

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REGULATIONS (CONT'D)

2.3 Obligations of the Customer (Cont'd)

2.3.1 General (Cont'd)

2.3.1.6 complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be reasonably required with respect to, the location of Company facilities and equipment in any Customer premises or the rights-of-way for which Customer is responsible under Section 2.3.1.4; and granting or obtaining permission for Company agents or employees to enter the premises of the Customer at any reasonable time for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company;

2.3.1.7 not creating or allowing to be placed any liens or other encumbrances on the Company's equipment or facilities; and

2.3.1.8 making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the Customer. No allowance will be made for the period during which service is interrupted for such purposes.

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REGULATIONS (CONT'D)

2.3 Obligations of the Customer (Cont'd)

2.3.2 Claims

With respect to any service or facility provided by the Company, Customer shall indemnify, defend and hold harmless the Company from and against all claims, actions, damages, liabilities, costs and expenses, including reasonable attorney's fees for:

2.3.2.1 any loss, destruction or damage to property of the Company or any third party, or the death or injury to persons, including, but not limited to, employees or invitees of either party, to the extent caused by or resulting from the negligent or intentional act or omission of the Customer, its employees, agents, representatives or invitees; or

2.3.2.2 any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the Customer, including, without limitation, use of the Company's services and facilities in a manner not contemplated by the agreement between Customer and Company.

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REGULATIONS (CONT'D)

2.4 Customer Equipment and Channels

2.4.1 General

A User may transmit or receive information or signals via the facilities of the Company. The Company's services are designed primarily for the transmission of voice-grade telephonic signals, except as otherwise stated in this tariff. A User may transmit any form of signal that is compatible with the Company's equipment, but the Company does not guarantee that its services will be suitable for purposes other than voice-grade telephonic communication except as specifically stated in this tariff.

2.4.2 Station Equipment

2.4.2.1 Terminal equipment on the User's Premises and the electric power consumed by such equipment shall be provided by and maintained at the expense of the User. The User is responsible for the provision of wiring or cable to connect its terminal equipment to the Company Point of Connection.

2.4.2.2 The Customer is responsible for ensuring that Customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The magnitude and character of the voltages and currents impressed on Company-provided equipment and wiring by the connection, operation, or maintenance of such equipment and wiring shall be such as not to cause damage to the Company-provided equipment and wiring or injury to the Company's employees or to other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the Customer's expense.

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REGULATIONS (CONT'D)

2.4 Customer Equipment and Channels (Cont'd)

2.4.3 Interconnection of Facilities

2.4.3.1 Any special interface equipment necessary to achieve compatibility between the facilities and equipment of the Company used for furnishing Communications Services and the channels, facilities, or equipment of others shall be provided at the Customer's expense subject to the Customer's approval.

2.4.3.2 Communications Services may be connected to the services or facilities of other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs of the other communications carriers which are applicable to such connections.

2.4.3.3 Facilities furnished under this tariff may be connected to customer provided terminal equipment in accordance with the provisions of this tariff. All such terminal equipment shall be registered by the Federal Communications Commission pursuant to Part 68 of Title 47, Code of Federal Regulations; and all User-provided wiring shall be installed and maintained in compliance with those regulations.

2.4.3.4 Users may interconnect communications facilities that are used in whole or in part for interstate communications to services provided under this tariff only to the extent that the user is an "end user" as defined in Section 69.2(m), Title 47, Code of Federal Regulations (1992 edition).

Interexchange Communications Services

REGULATIONS (CONT'D)

2.4 Customer Equipment and Channels (Cont'd)

2.4.4 Inspections

2.4.4.1 Upon suitable notification to the Customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the Customer is complying with the requirements set forth in Section 2.4.2.2 for the installation, operation, and maintenance of Customer-provided facilities, equipment, and wiring in the connection of Customer-provided facilities and equipment to Company-owned facilities and equipment.

2.4.4.2 If the protective requirements for Customer-provided equipment are not being complied with, the Company may take such action as it deems necessary to protect its facilities, equipment, and personnel. The Company will notify the Customer promptly if there is any need for further corrective action. Within ten (10) days of receiving this notice, the Customer must take this corrective action and notify the Company of the action taken. If the Customer fails to do this, the Company may take whatever additional action is deemed necessary, including the suspension of service, to protect its facilities, equipment and personnel from harm.

Interexchange Communications Services

REGULATIONS (CONT'D)

2.5 Payment Arrangements

2.5.1 Payment for Service

The Customer is responsible for the payment of all charges for facilities and services furnished by the Company to the Customer and to all Users authorized by the Customer, regardless of whether those services are used by the Customer itself or are resold to or shared with other persons.

2.5.2 Billing and Collection of Charges

2.5.2.1 Non-recurring charges are due and payable from the Customer within 15 days after the invoice date.

2.5.2.2 The Company shall present invoices for Recurring Charges monthly to the Customer, in advance of the month in which service is provided, and Recurring Charges shall be due and payable within fifteen (15) days after the invoice date. Usage charges will be billed after the month in which the charges are incurred. Charges will be due and payable within fifteen (15) days after the invoice date.

2.5.2.3 When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have thirty (30) days.

Interexchange Communications Services

REGULATIONS (CONT'D)

2.5 Payment Arrangements (Cont'd)

2.5.2 Billing and Collection of Charges (Cont'd)

2.5.2.4 Billing of the Customer by the Company will begin on the Service Commencement Date, which is the first day following the date on which the Company notifies the Customer that the service or facility is available for use, except that the Service Commencement Date may be postponed by mutual agreement of the parties, or if the service or facility does not conform to standards set forth in this tariff or the Service Order. Billing accrues through and includes the day that the service, circuit, arrangement or component is discontinued.

2.5.2.5 If any portion of the payment is received by the Company after the date due, or if any portion of the payment is received by the Company in funds which are not immediately available upon receipt, then a late payment penalty shall be due to the Company. The late payment penalty shall be the portion of the payment not received by the date due, multiplied by a late factor of 1.25% per month.

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REGULATIONS (CONT'D)

2.5 Payment Arrangements (Cont'd)

2.5.3 Advance Payments

To safeguard its interests, the Company may require a Customer to make an advance payment before services and facilities are furnished where special construction is involved. The advance payment will not exceed an amount equal to the nonrecurring charges for the service or facility. In addition, where special construction is involved, the advance payment may also include an amount equal to the estimated non-recurring charges for the special construction and recurring charges (if any) for a period to be set between the Company and the Customer. The advance payment will be credited to the Customer's initial bill. An advance payment may be required in addition to a deposit.

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REGULATIONS (CONT'D)

2.5 Payment Arrangements (Cont'd)

2.5.4 Deposits

2.5.4.1 A Customer may receive service without being required to make a deposit if the Company deems the Customer to be a worthy credit risk. The Company will adhere to all of the Commission's regulations. However, to safeguard its interests, the Company may require a Customer to make a deposit to be held as a guarantee for the payment of charges. The requiring of a deposit is based solely on the credit risk of the Applicant or Customer in accordance with South Dakota Rules and not on the affected premises and without regard to race, religion, gender, age if over 18, national origin or marital status. A deposit does not relieve the Customer of the responsibility for the prompt payment of bills on presentation. The deposit will not exceed an amount equal to:

- A. two month's charges for a service or facility which has a minimum payment period of one month; or
- B. The charges that would apply for the minimum payment period for a service or facility which has a minimum payment period of more than one month; except that the deposit may include an additional amount in the event that the termination charge is applicable.

2.5.4.2 A deposit may be required in addition to an advance payment.

2.5.4.3 When a service or facility is discontinued, the amount of a deposit, if any, will be applied to the Customer's account and any credit balance remaining will be refunded. Before the service or facility is discontinued, the Company will refund the deposit or credit it to the Customer's account.

2.5.4.4 Deposits held will accrue interest at a rate specified by the South Dakota Public Utilities Commission.

Interexchange Communications Services

REGULATIONS (CONT'D)

2.5 Payment Arrangements (Cont'd)

2.5.5 Discontinuance of Service

2.5.5.1 Upon nonpayment of any amounts owing to the Company, the Company may, after issuing a seven (7) day notice of suspension, and by giving ten (10) days prior written notice to the Customer, discontinue service without incurring any liability.

2.5.5.2 Upon violation of any of the other material terms or conditions for furnishing service the Company may, by giving thirty (30) days prior notice in writing to the Customer, discontinue or suspend service without incurring any liability if such violation continues during that period.

2.5.5.3 Upon condemnation of any material portion of the facilities used by the Company to provide service to a Customer or if a casualty renders all or any material portion of such facilities inoperable beyond feasible repair, the Company, by notice to the Customer, may discontinue or suspend service without incurring any liability.

Interexchange Communications Services

REGULATIONS (CONT'D)

2.5 Payment Arrangements (Cont'd)

2.5.5 Discontinuance of Service (Cont'd)

2.5.5.4 Upon the Customer's insolvency, assignment for the benefit of creditors, filing for bankruptcy or reorganization, or failing to discharge an involuntary petition within the time permitted by law, the Company may immediately discontinue or suspend service without incurring any liability.

2.5.5.5 Upon any governmental prohibition or required alteration of the services to be provided or any violation of an applicable law or regulation, the Company may immediately discontinue service without incurring any liability.

2.5.5.6 Upon the Company's discontinuance of service to the Customer, under term contract, under Section 2.5.5.1 or 2.5.5.2, the Company, in addition to all other remedies that may be available to the Company at law or in equity or under any other provision of this tariff, may declare all future monthly and other charges which would have been payable by the Customer during the remainder of the term for which such services may have otherwise been provided to the Customer, under term contract, to be immediately due and payable (discounted to present value at six (6%) percent).

Interexchange Communications Services

REGULATIONS (CONT'D)

2.5 Payment Arrangements (Cont'd)

2.5.6 Cancellation of Application for Service

2.5.6.1 Applications for service are noncancellable unless the Company otherwise agreed. Where the Company permits Customer to cancel an application for service prior to the start of service or prior to any special construction, no charges will be imposed except for those specified below.

2.5.6.2 Where, prior to cancellation by the Customer, the Company incurs any expenses in installing the service or in preparing to install the service that it otherwise would not have incurred, a charge equal to the costs the Company incurred, less net salvage, shall apply, but in no case shall this charge exceed the sum of the charge for the minimum period of services ordered, including installation charges, and all charges others levy against the Company that would have been chargeable to the Customer had service begun (all discounted to present value at six (6 %) percent).

2.5.6.3 Where the Company incurs any expense in connection with special construction, or where special arrangements of facilities or equipment have begun, before the Company receives a cancellation notice, a charge equal to the costs incurred, less net salvage, applies. In such cases, the charge will be based on such elements as the cost of the equipment, facilities, and material, the cost of installation, engineering, labor, and supervision, general and administrative expense, other disbursements, depreciation, maintenance, taxes, provision for return on investment, and any other costs associated with the special construction or arrangements.

2.5.6.4 The special charges described in 2.5.6.1 through 2.5.6.3 will be calculated and applied on a case-by-case basis.

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Kimberley Bradley
Senior Director of Regulatory Affairs
1850 M Street, N.W., Suite 300
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REGULATIONS (CONT'D)

2.5 Payment Arrangements (Cont'd)

2.5.7 Changes in Service Requested

If the Customer makes or requests material changes in circuit engineering, equipment specifications, service parameters, premises locations, or otherwise materially modifies any provision of the application for service, the Customer's installation fee shall be adjusted accordingly.

2.5.8 Taxes

The Customer is responsible for the payment of Federal excise taxes, state and local sales and use taxes and similar taxes imposed by governmental jurisdictions, all of which shall be separately designated on the Company's invoices.

2.5.9 Disputed Bills

The Customer shall notify the Company of any disputed items on an invoice within thirty (30) days of receipt of the invoice. Customer has the option to address concerns with the South Dakota Public Utilities Commission at:

South Dakota Public Utilities Commission
500 E. Capitol Avenue
Capitol Building, 1st Floor
Pierre, SD 57501
Phone: (605) 773-3201
Fax: (605) 773-3809
Web: www.state.sd.us/puc/puc.htm

Or the Customer may reach the Company through its Customer Service at:

Winstar National Customer Satisfaction Center
5151 Blazer Parkway, Suite A
Dublin, OH 43017
Phone: (888) 961-8800
e-mail: info@winstar.com

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Interexchange Communications Services

REGULATIONS (CONT'D)

2.6 Allowances for Interruptions in Service

Interruptions in service, which are not due to the negligence of, or noncompliance with the provisions of this tariff by, the Customer or the operation or malfunction of the facilities, power or equipment provided by the Customer, will be credited to the Customer as set forth in 2.6.1 for the part of the service that the interruption affects.

2.6.1 Credit for Interruptions

2.6.1.1 A credit allowance will be made when an interruption occurs because of a failure of any component furnished by the Company under this tariff. An interruption period begins when the Customer reports a service, facility or circuit to be interrupted and releases it for testing and repair. An interruption period ends when the service, facility or circuit is operative. If the Customer reports a service, facility or circuit to be inoperative but declines to release it for testing and repair, it is considered to be impaired, but not interrupted.

2.6.1.2 For calculating credit allowances, every month is considered to have 30 days. A credit allowance for fixed recurring fees only is applied on a pro rate basis against the rates specified hereunder and is dependent upon the length of the interruption. Only those facilities on the interrupted portion of the circuit will receive a credit.

 Interexchange Communications Services

REGULATIONS (CONT'D)2.6 Allowances for Interruptions in Service (Cont'd)2.6.1 Credit for Interruptions (Cont'd)

2.6.1.3 A credit allowance will be given for interruptions of 30 minutes or more. Credit allowances shall be calculated as follows:

Interruptions of 24 Hours or Less

<u>Length of Interruption</u>	<u>Interruption Period To Be Credited</u>
Less than 30 minutes	None
30 minutes up to but not including 3 hours	1/8 Day
3 hours up to but not including 6 hours	1/4 Day
6 hours up to but not including 9 hours	2/5 Day
9 hours up to but not including 12 hours	3/5 Day
12 hours up to but not including 15 hours	4/5 Day
15 hours up to but not including 24 hours	One Day

Two or more interruptions of 15 minutes or more during any one 24-hour period shall be considered as one cumulative interruption.

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REGULATIONS (CONT'D)

2.6 Allowances for Interruptions in Service (Cont'd)

2.6.1 Credit for Interruptions (Cont'd)

2.6.1.3 (Cont'd)

Interruptions Over 24 Hours and Less Than 72 Hours. Interruptions over 24 hours and less than 72 hours will be credited 1/5 day for each 3-hour period or fraction thereof. No more than one full day's credit will be allowed for any period of 24 hours.

Interruptions Over 72 Hours. Interruptions over 72 hours will be credited 2 days for each full 24-hour period. No more than 30 days credit will be allowed for any one month period.

Interexchange Communications Services

REGULATIONS (CONT'D)

2.6 Allowances for Interruptions in Service (Cont'd)

2.6.2 Limitations on Allowances

No credit allowance will be made for:

2.6.2.1 interruptions due to the negligence of, or noncompliance with the provisions of this tariff by, the Customer, authorized user, joint user, or other common carrier providing service connected to the service of the Company;

2.6.2.2 interruptions due to the negligence of any person other than the Company, including but not limited to the Customer or other common carriers connected to the Company's facilities, except when contracted by the Company;

2.6.2.3 interruptions due to the failure or malfunction of non-Company equipment, except when contracted by the Company;

2.6.2.4 interruptions of service during any period in which the Company is not given full and free access to its facilities and equipment for the purpose of investigating and correcting interruptions;

2.6.2.5 interruptions of service during a period in which the Customer continues to use the service on an impaired basis;

2.6.2.6 interruptions of service during any period when the Customer has released service to the Company for maintenance purposes or for implementation of a Customer order for a change in service arrangements; and

2.6.2.7 interruption of service due to circumstances or causes beyond the reasonable control of Company.

Interexchange Communications Services

REGULATIONS (CONT'D)

2.6 Allowances for Interruptions in Service (Cont'd)

2.6.3 Cancellation For Service Interruption

Cancellation or termination for service interruption is permitted only if any circuit experiences a single continuous outage of 8 hours or more or cumulative service credits equaling 16 hours in a continuous 12-month period. The right to cancel service under this provision applies only to the single circuit which has been subject to the outage or cumulative service credits.

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Interexchange Communications Services

REGULATIONS (CONT'D)

2.7 Use of Customer's Service by Others

2.7.1 Resale and Sharing

Any service provided under this tariff may be resold to or shared with other persons at the option of Customer, subject to compliance with any applicable laws or South Dakota Public Utilities Commission regulations governing such resale or sharing. Customer remains solely responsible for all use of services ordered by it or billed to its telephone number(s) pursuant to this tariff, for determining who is authorized to use its services, and for notifying the Company of any unauthorized use.

2.7.2 Joint Use Arrangements

Joint use arrangements will be permitted for all services provided under this tariff. From each joint use arrangement, one member will be designated as the Customer responsible for the manner in which the joint use of the service will be allocated. The Company will accept orders to start, rearrange, relocate, or discontinue service only from the Customer. Without affecting the Customer's ultimate responsibility for payment of all charges for the service, each joint user shall be responsible for the payment of the charges billed to it.

Interexchange Communications Services

REGULATIONS (CONT'D)

2.8 Cancellation of Service

If a Customer, under term contract, cancels a Service Order or terminates services before the completion of the term for any reason whatsoever other than a service interruption (as defined in 2.6.1 above), Customer agrees to pay to Company the following sums which shall become due and owing as of the effective date of the cancellation or termination and be payable within the period set forth in 2.5.2: all costs, fees and expenses reasonably incurred in connection with:

- 2.8.1 all Non-Recurring charges reasonably expended by Company to establish service to Customer, plus
- 2.8.2 any disconnection, early cancellation or termination charges reasonably incurred and paid to third parties by Company on behalf of Customer, plus
- 2.8.3 all Recurring Charges specified in the applicable Service Order Tariff for the balance of the then current term.

Interexchange Communications Services

REGULATIONS (CONT'D)

2.9 Transfers and Assignments

Neither the Company nor the Customer may assign or transfer its rights or duties in connection with the services and facilities provided by the Company without the written consent of the other party, except that the Company may assign its rights and duties (a) to any subsidiary, parent company or affiliate of the Company, (b) pursuant to any sale or transfer of substantially all the assets of the Company; or (c) pursuant to any financing, merger or reorganization of the Company.

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Interexchange Communications Services

REGULATIONS (CONT'D)

2.10 Notices and Communications

- 2.10.1 The Customer shall designate on the Service Order an address to which the Company shall mail or deliver all notices and other communications, except that Customer may also designate a separate address to which the Company's bills for service shall be mailed.
- 2.10.2 The Company shall designate on the Service Order an address to which the Customer shall mail or deliver all notices and other communications, except that Company may designate a separate address on each bill for service to which the Customer shall mail payment on that bill.
- 2.10.3 All notices or other communications required to be given pursuant to this tariff will be in writing. Notices and other communications of either party, and all bills mailed by the Company, shall be presumed to have been delivered to the other party on the third business day following placement of the notice, communication or bill with the U.S. Mail or a private delivery service, prepaid and properly addressed, or when actually received or refused by the addressee, whichever occurs first.
- 2.10.4 The Company or the Customer shall advise the other party of any changes to the addresses designated for notices, other communications or billing, by following the procedures for giving notice set forth herein.

Interexchange Communications Services

REGULATIONS (CONT'D)

2.11 Operator Services Rules

2.11.1 The Company will enforce the following operator service rules:

A provider of intrastate operator assisted communications services must:

- 2.11.1.1 identify itself at the time the end-user accesses its services;
- 2.11.1.2 upon request, quote all rates and charges for its services to the end-user accessing its system;
- 2.11.1.3 arrange to have posted in plain view at each telephone location which automatically accesses the operator service provider's network and where its services are made available to the public or transient end-users:
 - 1. the operator service provider's name and address;
 - 2. bill and service dispute calling information including the operator service provider's dispute resolution phone number;
 - 3. clear and specific instructions informing the end-user how to access a local exchange telephone company operator as an alternative available to the end-user; and
 - 4. notice concerning any and all amounts to be billed by the operator services provider on behalf of any host location or third party which will appear on the operator service provider's bill for services rendered.

Interexchange Communications Services

REGULATIONS (CONT'D)

2.11 Operator Services Rules (Cont'd)

2.11.1.3 (Cont'd)

5. in instances when the provider is unable to complete the call and it requires transfer to another telephone corporation which may affect the rates and charges applicable to the telephone bill, inform the caller of the transfer and its possible effect on the applicable rates and charges, before any charges are incurred; and
6. in the case of such transfer, the telephone corporation or provider to which the call is transferred shall identify itself and inform the caller of the transfer's effect on the applicable rates and charges, before any charges are incurred.

2.11.4 The Company will comply with the following provisions:

Providers of intrastate operator assisted communications services shall not take any action or enter into any arrangement which restricts end-user selection among competing interexchange telephone corporations or end users access to competing providers of intrastate operator assisted communications services, or pay any commissions or other compensation to any entity engaged in such action or arrangement.

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Interexchange Communications Services

APPLICATION OF RATES

3.1 Introduction

The regulations set forth in this section govern the application of rates for services contained in other sections of this tariff.

3.2 Charges Based on Duration of Use

Where charges for a service are specified based on the duration of use, such as the duration of a telephone call, the following rules apply:

- 3.2.1 Calls are measured in durational increments identified for each service. All calls which are fractions of a measurement increment are rounded-up to the next whole unit.
- 3.2.2 Timing on completed calls begins when the call is answered by the called party. Answering is determined by hardware answer supervision in all cases where this signaling is provided by the terminating local carrier and any intermediate carrier(s). Timing for operator service person-to-person calls start with completion of the connection to the person called or an acceptable substitute, or to the PBX station called.
- 3.2.3 Timing terminates on all calls when the calling party hangs up or the Company's network receives an off-hook signal from the terminating carrier.
- 3.2.4 Calls originating in one time period and terminating in another will be billed in proportion to the rates in effect during different segments of the call.
- 3.2.5 All times refer to local time.

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APPLICATION OF RATES (CONT'D)

3.3 Rates Based Upon Distance

3.3.1 [RESERVED FOR FUTURE USE]

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SERVICE AREAS

4.1 Calling Area

Service will be between points within the State of South Dakota.

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MESSAGE TOLL SERVICE

5.1 Description

5.1.1 Pre-subscribed MTS enables a User of an exchange access line provided by another certificated local exchange carrier, which has been pre-subscribed by the Customer to the Company's Pre-Subscribed MTS to originate calls to any station on the public switched telecommunications network within the State of South Dakota. Calls to stations bearing an NPA-NXX designation associated with a point outside the Customer's LATA may be placed by dialing 1+ the 10-digit number.

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MESSAGE TOLL SERVICE (CONT'D)

5.2 Rates

Rates set forth below are for all direct dialed Message Toll Service (MTS) calls.

5.2.1 MIDCOM[®] Advantage 1+ (Initial Period = 18 Seconds; Additional Period = 6 Seconds)

5.2.1.1 Network Option 1

Rate Mileage	Initial Period	Additional Period(s)
All	\$.0390	\$.0130

5.2.1.2 Network Option 2

Rate Mileage	Initial Period	Additional Period(s)
All	\$.0540	\$.0180

5.2.2 InfinityPlus[®] (Initial Period = 30 Seconds; Additional Period = 6 Seconds)

Rate Mileage	Initial Period	Additional Period(s)
All	\$.0795	\$.0159

5.2.3 MIDCOM[®] Advantage Direct (Initial Period = 18 Seconds; Additional Period = 6 Seconds)

5.2.3.1 Network Option 1

Rate Mileage	Initial Period	Additional Period(s)
All	\$.0300	\$.0100

Interexchange Communications Services

MESSAGE TOLL SERVICE (CONT'D)

5.3 Calling Card Services

5.3.1 Rates (Initial Period = 1 Minute; Additional Period = 6 Seconds)

Rate Mileage	Initial Period	Additional Period(s)
All	\$.2500	\$.0250

5.3.2 Surcharge

There is no surcharge.

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MESSAGE TOLL SERVICE (CONT'D)

5.4 Operator Services

5.4.1 Operator Toll Assistance

Operator Toll Assistance calls are provided and branded by the Underlying Carrier, but are billed by the Company at the Underlying Carrier's existing rates.

5.4.2 Directory Assistance

5.4.2.1 Rates

The charge per Call is \$0.95.

Interexchange Communications Services

SPECIAL ARRANGEMENTS

6.1 Individual Case Basis (ICB) Arrangements

Arrangements will be developed on a case-by-case basis in response to a bona fide request from a Customer or prospective Customer to develop a competitive bid for a service not generally offered under this tariff. Rates quoted in response to such competitive requests may be different than those specified for such services in this tariff. ICB rates will be offered to the Customer in writing and on a non-discriminatory basis.

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SPECIAL ARRANGEMENTS (CONT'D)

6.2 Temporary Promotional Programs

The Company may establish temporary promotional programs wherein it may waive or reduce non-recurring or recurring charges, to introduce present or potential Customers to a service not previously received by the Customers. All such programs will be subject to the approval of the South Dakota Public Utilities Commission.

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ORIGINAL

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April 19, 2002

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BY OVERNIGHT MAIL

Debra Elofson, Executive Director
South Dakota Public Utilities Commission
500 E. Capitol Avenue
Capitol Building, 1st Floor
Pierre, SD 57501-5070

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

**Re: SDPUC Docket TC02-027: Emergency Joint Application of Winstar
Wireless, Inc. and Winstar Communications, LLC to Transfer the
Certificate of Authority of Winstar Wireless, Inc. to Winstar
Communications, LLC**

Dear Ms. Elofson:

On behalf of Winstar Wireless, Inc. and Winstar Communications, LLC ("New Winstar") (together, the "Applicants"), enclosed please find an original and ten (10) copies of New Winstar's response to Commission Staff's second information request dated April 11, 2002. Please associate this filing with the above-referenced docket. In addition to revising the tariff pages requested by Commission Staff, New Winstar also made the following corrections:

<u>Page(s)</u>	<u>Correction</u>
1	Revised Check Sheet to reflect correct number of pages
2 & 3	Revised Table of Contents to reflect correct page numbers
9	Revised "WinStar" to "Winstar"

Debra Elofson, Executive Director
April 19, 2002
Page 2

Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed, postage-paid envelope attached. Should you have any questions concerning this filing, please do not hesitate to contact us.

Respectfully submitted,

A handwritten signature in black ink that reads "Brett P Ferencak". The signature is written in a cursive, slightly slanted style.

Jean L. Kiddoo
Brett P. Ferencak

Counsel for Applicants

Enclosure

cc: Keith Senger (SD PUC)
Kimberley A. Bradley
Carl Billek

SDPUC Docket TC02-027

**Response of Winstar Communications, LLC
to Second Request for Information of Commission Staff**

- 1. Please include the Commission's toll free phone numbers in Section 2.5.9 of the proposed tariff. They are 1-800-332-1782 and TTY Through Relay South Dakota 1-800-877-1113.**

These revisions are located on replacement Original Page No. 41, which is attached hereto as Exhibit A.

SDPUC Docket TC02-027

**Response of Winstar Communications, LLC
to Second Request for Information of Commission Staff**

- 2. Please increase the customer dispute period in section 2.5.9 of the proposed tariff from 30 to 180 days.**

These revisions are located on replacement Original Page No. 41, which is attached hereto as Exhibit A.

SDPUC Docket TC02-027

**Response of Winstar Communications, LLC
to Second Request for Information of Commission Staff**

- 3. Please include a paragraph in Section 2.5.9 of the proposed tariff that indicates how a customer can dispute specific charges and that a customer will not be disconnected for nonpayment of disputed charges.**

These revisions are located on replacement Original Page No. 41, which is attached hereto as Exhibit A.

SDPUC Docket TC02-027

**Response of Winstar Communications, LLC
to Second Request for Information of Commission Staff**

- 4. Item 3 of your data response indicates that Winstar will provide the \$25,000 bond. This bond must be in place and received by the Commission before Staff will schedule this application on a Commission's agenda. Please indicate when the Commission can expect to receive this bond.**

The \$25,000 bond has been sent to Winstar Communications, LLC's South Dakota resident agent to be countersigned. The resident agent will send the countersigned bond directly to Keith Senger of the Commission's Staff during the week of April 22, 2002.

SDPUC Docket TC02-027

**Response of Winstar Communications, LLC
to Second Request for Information of Commission Staff**

- 5. Section 2.1.4 of the proposed tariff attempts to limit the liability of the company. Under South Dakota law found at 49-13-1 and 49-13-1.1, a person has the right to claim damages from a telecommunications company by coming before the Commission or a court of competent jurisdiction. Please delete the last eight lines of section 2.1.4.1 starting with “limited to the extension of allowances. . .” and replace with “determined by the Commission or court of competent jurisdiction in accordance with SDCL 49-13-1, 49-13-1.1, and any other applicable law.” Please delete section 2.1.4.8.**

These revisions are located on replacement Original Page No. 16 and Original Page No. 18, respectively, which are attached hereto as Exhibit A.

SDPUC Docket TC02-027

**Response of Winstar Communications, LLC
to Second Request for Information of Commission Staff**

EXHIBIT A

Replacement Pages for
Proposed Interexchange Tariff
of Winstar Communications, LLC

Interexchange Communications Services

CHECK SHEET

<u>Page</u>	<u>Revisions</u>	<u>Page</u>	<u>Revisions</u>	<u>Page</u>	<u>Revisions</u>
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29	Original	58	Original		

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Interexchange Communications Services

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REGULATIONS (CONT'D)

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company

2.1.4.1 The liability of the Company for damages arising out of the furnishing of its Services, including but not limited to mistakes, omissions, interruptions, delays, or errors, or other defects, representations, or use of these services or arising out of the failure to furnish the service, whether caused by acts or omission, shall be determined by the Commission or court of competent jurisdiction in accordance with SDCL 49-13-1, 49-13-1.1, and any other applicable law.

2.1.4.2 The Company shall not be liable for any delay or failure of performance or equipment due to causes beyond its control, including but not limited to: acts of God, fire, flood, explosion or other catastrophes; any law, order, regulation, direction, action, or request of the United States Government, or of any other government, including state and local governments having or claiming jurisdiction over the Company, or of any department, agency, commission, bureau, corporation, or other instrumentality of any one or more of these federal, state, or local governments, or of any civil or military authority; national emergencies; insurrections; riots; wars; unavailability of rights-of-way or materials; or strikes, lock-outs, work stoppages, or other labor difficulties.

2.1.4.3 The Company shall not be liable for any act or omission of any entity furnishing to the Company or to the Company's Customers facilities or equipment used for or with the services the Company offers except where contracted by the Company.

Issued: April 10, 2002

Effective:

Issued By:

Kimberley Bradley
Senior Director of Regulatory Affairs
1850 M Street, N.W., Suite 300
Washington, D.C. 20036

Interexchange Communications Services

REGULATIONS (CONT'D)

2.1 Undertaking of the Company (Cont'd)

2.1.4 Liability of the Company (Cont'd)

2.1.4.8 THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

Issued: April 10, 2002

Issued By:

Kimberley Bradley
Senior Director of Regulatory Affairs
1850 M Street, N.W., Suite 300
Washington, D.C. 20036

Effective:

Interexchange Communications Services

REGULATIONS (CONT'D)

2.5 Payment Arrangements (Cont'd)

2.5.9 Disputed Bills

The Customer shall notify the Company of any disputed items on an invoice within 180 days of receipt of the invoice. The Customer can dispute specific charges by contacting the Company's Customer Service Center at:

Winstar National Customer Satisfaction Center
5151 Blazer Parkway, Suite A
Dublin, OH 43017
Phone: (888) 961-8800
e-mail: info@winstar.com

Service will not be disconnected for the nonpayment of disputed charges. The Customer also has the option to address concerns with the South Dakota Public Utilities Commission at:

South Dakota Public Utilities Commission
500 E. Capitol Avenue
Capitol Building, 1st Floor
Pierre, SD 57501
Phone: (605) 773-3201
(800) 332-1782 - Toll Free
(800) 877-1113 - Toll Free TTY through Relay South
Dakota
Fax: (605) 773-3809
Web: www.state.sd.us/puc/puc.htm

Issued: April 10, 2002

Effective:

Issued By:

Kimberley Bradley
Senior Director of Regulatory Affairs
1850 M Street, N.W., Suite 300
Washington, D.C. 20036



Mr. Keith Senger
South Dakota Public Utilities Commission
500 E. Capitol Avenue
State Capitol Building, First Floor
Pierre, South Dakota 57501

April 19, 2002

IDT Corporation
520 Broad Street
Newark, NJ 07102 USA
P 973-438/1000
F 973-438/1503
www.idt.net

RECEIVED

APR 24 2002

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

**Re: In the Matter of the Filing for Approval of Transfer of Certificate of
Authority from Winstar Wireless, Inc. to Winstar Communications, LLC
SDPUC Docket TC02-027**

Dear Mr. Senger:

The enclosed, countersigned "Indemnity Bond to the People of the State of South Dakota" is being submitted by Mr. Don Boen on behalf of Winstar Communications, LLC in the above-captioned matter. If you have any questions, please contact Mr. Bret Ferenczak at (202) 424-7697.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in cursive script that reads "Carl Wolf Billek".

Carl Wolf Billek
IDT Corporation

Attachment

TC02-027

RECEIVED

APR 24 2002

INDEMNITY BOND
TO THE
PEOPLE OF THE STATE OF SOUTH DAKOTA

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Bond. No. 24-82-31

We, Winstar Communications, LLC, the principal and applicant for a CERTIFICATE OF AUTHORITY to provide telecommunications services within the State of South Dakota, and The Insurance Company of the State of Pennsylvania, as an admitted surety insurer, bind ourselves unto the Public Utilities Commission of the State of South Dakota and the consumers of South Dakota as Obligee, in the sum of \$25,000.00.

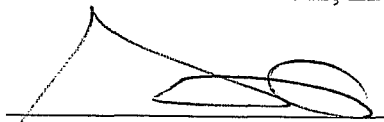
The conditions of the obligation are such that the principal, having been granted such CERTIFICATE OF AUTHORITY subject to the provision that said principal purchase this Indemnity Bond, and if said principal shall in all respects fully and faithfully comply with all applicable provisions South Dakota State Law, and reimburse customers of Winstar Communications, LLC for any prepayment or deposits they have made which may be unable or unwilling to return to said customers as a result of insolvency or other business failure, they this obligation shall be void, discharges and forever exonerated, otherwise to remain in full force and effect.

This bond shall take effect as of the date heron and shall remain in force and effect until the surety is released from liability by the written order of the Public Utilities Commission, provided that the surety may cancel this Bond and be relieved of further liability hereunder by delivering thirty (30) days written notice to the Public Utilities Commission. Such cancellation shall not affect any liability incurred or accrued hereunder prior to the termination of said thirty (30) day period.

Dated this 5th day of April, 2002
To be effective this 18th day of April, 2002

*Original bond
is in Helaine's
bottom desk drawer*

Winstar Communications, LLC



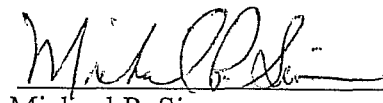
Geoffrey Rochwarger, Chief Operating Officer

Countersigned this ___ day of April 2002.

Countersigned for South Dakota

By: 
Resident Agent

The Insurance Company of
the State of Pennsylvania

By: 
Michael P. Simmons
Attorney-In-Fact

Individual Acknowledgment

State of _____ }
County of _____ } ss.

On this _____ day of _____, 19____, before me personally came

_____ to me known, and known to me to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he executed the same.

My commission expires _____ Notary Public

Firm Acknowledgment

State of _____ }
County of _____ } ss.

On this _____ day of _____, 19____, before me personally came

_____ to me known and known to me to be a member of the firm of _____ described in and who executed the foregoing instrument, and he thereupon acknowledged to me that he executed the same as and for the act and deed of said firm.

My commission expires _____ Notary Public

Corporation Acknowledgment

State of _____ }
County of _____ } ss.

On this _____ day of _____, 19____, before me personally came

_____ to me known, who being by me duly sworn, did depose and say that he is the _____ of _____ the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

My commission expires _____ Notary Public

Surety Acknowledgment

State of New York }
County of New York } ss.

On this 18th day of April, 2002, ~~19~~ before me personally came

Michael P. Simmons to me known, who, being by me duly sworn, did depose and say that

he is an attorney-in-fact of The Insurance Company of the State of Pennsylvania the corporation described in and which executed the within instrument; that he knows the corporate seal of said corporation; that the seal affixed to the within instrument is such corporate seal, and that he signed the said instrument and affixed the said seal as Attorney-in-Fact by authority of the Board of Directors of said corporation and by authority of this office under the Standing Resolutions thereof.

My commission expires _____ JOSEPH E. NOZZOLIO
Notary Public, State of New York
No. 07-1804052/54
Qualified in Westchester County
Joseph E. Nozzolio
Notary Public

KNOW ALL MEN BY THESE PRESENTS:

That The Insurance Company of the State of Pennsylvania, a Pennsylvania corporation, does hereby appoint

---Michael P. Simmons: of New York, New York---

its true and lawful Attorney(s)-in-Fact, with full authority to execute on its behalf bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, issued in the course of its business, and to bind the company thereby.

IN WITNESS WHEREOF, The Insurance Company of the State of Pennsylvania has executed these presents



this 17th day of April, 2000.

Lawrence W. Carlstrom
Lawrence W. Carlstrom, Vice President

STATE OF NEW YORK }
COUNTY OF NEW YORK}ss.

On this 17th day of April, 2000 before me came the above named officer of The Insurance Company of the State of Pennsylvania, to me personally known to be the individual and officer described herein, and acknowledged that he executed the foregoing instrument and affixed the seal of said corporation thereto by authority of his office.

Joseph B. Nozzolio
JOSEPH B. NOZZOLIO
Notary Public, State of New York
No. 01-NO4652754
Qualified in Westchester County
Term Expires Jan. 31, 2002

CERTIFICATE

Excerpts of Resolution adopted by the Board of Directors of The Insurance Company of the State of Pennsylvania, on May 18, 1976:

"RESOLVED, that the Chairman of the Board, the President, or any Vice President be, and hereby is, authorized to appoint Attorneys-in-Fact to represent and act for and on behalf of the Company to execute bonds, undertakings, recognizances and other contracts of indemnity and writings obligatory in the nature thereof, and to attach thereto the corporate seal of the Company, in the transaction of its surety business;

"RESOLVED, that the signatures and attestations of such officers and the seal of the Company may be affixed to any such Power of Attorney or to any certificate relating thereto by facsimile, and any such Power of Attorney or certificate bearing such facsimile signatures or facsimile seal shall be valid and binding upon the Company when so affixed with respect to any bond, undertaking, recognizance or other contract of indemnity or writing obligatory in the nature thereof;

"RESOLVED, that any such Attorney-in-Fact delivering a secretarial certification that the foregoing resolutions still be in effect may insert in such certification the date thereof, said date to be not later than the date of delivery thereof by such Attorney-in-Fact."

I, Elizabeth M. Tuck, Secretary of The Insurance Company of the State of Pennsylvania, do hereby certify that the foregoing excerpts of Resolution adopted by the Board of Directors of this corporation, and the Power of Attorney issued pursuant thereto, are true and correct, and that both the Resolution and the Power of Attorney are in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the facsimile seal of the corporation

this 18th day of April, 2002



Elizabeth M. Tuck
Elizabeth M. Tuck, Secretary

**The Insurance Company of the
State of Pennsylvania**

Executive Offices
70 Pine Street
New York, NY 10270

FINANCIAL STATEMENT

as of DECEMBER 31, 2001

ASSETS

Bonds	\$ 140,753,603
Stocks.....	776,139,601
Collateral Loans.....	-
Cash & Short-Term Investments.....	12,749,619
Agents' Balances or Uncollected Premiums...	159,337,202
Funds Held by Ceding Reinsurers	90,994,332
Reinsurance Recoverable on Loss Payments.	152,836,494
Equities & Deposits in Pools & Associations.	24,481,382
Other Admitted Assets	605,571,969

TOTAL ASSETS \$ 1,962,864,202

LIABILITIES

Reserve for Losses and Loss Expense \$	633,161,814
Reserve for Unearned Premiums.....	266,136,507
Reserve for Expenses, Taxes, Licenses and Fees.....	4,688,723
Provision for Reinsurance	46,819,612
Funds Held Under Reinsurance Treaties	123,109,665
Other Liabilities.....	97,237,055
Capital Stock.....	5,005,500
Surplus	786,705,326

TOTAL POLICYHOLDERS'
SURPLUS 791,710,826

TOTAL LIABILITIES AND
POLICYHOLDERS' SURPLUS \$ 1,962,864,202

Bonds and stocks are valued in accordance with the basis adopted by the National Association of Insurance Commissioners. Securities carried at \$ 86,356,705 in the above statement are deposited as required by law.

CERTIFICATE

Kristian P. Moor, President and Robert J. Beier, Comptroller of Insurance Company of the State of Pennsylvania being duly sworn each for himself, deposes and says that they are above described officers of the said Company and that on the 31st day of December, 2001, the Company actually possessed the assets set forth in the foregoing policyholders and creditors, except as hereinbefore indicated, and that the foregoing statement is correct exhibit of such assets and liabilities of said Company on the 31st day of December, 2001, according to the best of their information, knowledge and belief respectively.

President



Comptroller

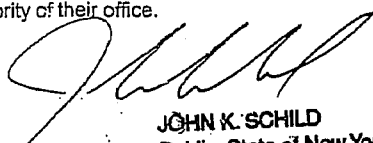


STATE OF NEW YORK
COUNTY OF NEW YORK

} ss.:

On this 14th Day of March, 2002, before me came the above named officers of Insurance Company of the State of Pennsylvania to me known to be the individuals and officers described herein, and acknowledge that they executed the foregoing instrument and affixed the seal of said corporation thereto by authority of their office.

31077 (3/00)



JOHN K. SCHILD
Notary Public, State of New York
No. 01SC5053075
Qualified in Kings County
Commission Expires Dec. 11, 2005



**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE FILING FOR)	ORDER GRANTING
APPROVAL OF TRANSFER OF CERTIFICATE)	TRANSFER OF CERTIFICATE
OF AUTHORITY FROM WINSTAR WIRELESS,)	OF AUTHORITY
INC. TO WINSTAR COMMUNICATIONS, LLC)	TC02-027

On March 21, 2002, the Public Utilities Commission (Commission), in accordance with SDCL 49-31-3 and ARSD 20:10:24:04.01 and 20:10:24:04.02, received an application for the transfer of a certificate of authority from Winstar Wireless, Inc. (Winstar Wireless), to Winstar Communications, LLC (Winstar Communications).

Winstar Communications proposes to provide intrastate interexchange telecommunications services to subscribers to and from all points in South Dakota.

On March 28, 2002, the Commission electronically transmitted notice of the filing and the intervention deadline of April 12, 2002, to interested individuals and entities. No petitions to intervene or comments were filed and at its May 9, 2002, meeting, the Commission considered the request for transfer of certificate of authority. Commission Staff recommended transferring the certificate of authority from Winstar Wireless to Winstar Communications, subject to a continuous \$25,000 surety bond. Commission Staff further recommended a waiver of ARSD 20:10:24:02(8).

The Commission finds that it has jurisdiction over this matter pursuant to Chapter 49-31, specifically 49-31-3 and ARSD 20:10:24:04.01 and 20:10:24:04.02. The Commission finds that Winstar Communications has met the legal requirements established for the granting of a certificate of authority. Winstar Communications has, in accordance with SDCL 49-31-3, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. Further, the Commission finds that there is good cause to waive ARSD 20:10:24:02(8). The Commission approves the application for transfer of certificate of authority from Winstar Wireless to Winstar Communications, subject to a continuous \$25,000 surety bond. As the Commission's final decision in this matter, it is therefore

ORDERED, that the application for transfer of certificate of authority from Winstar Wireless to Winstar Communications is hereby granted, effective May 21, 2002, subject to a continuous \$25,000 surety bond. It is

FURTHER ORDERED, that the Commission waives ARSD 20:10:24:02(8). It is

FURTHER ORDERED, that Winstar Communications shall file informational copies of tariff changes with the Commission as the changes occur.

Dated at Pierre, South Dakota, this 16th day of May, 2002.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Melaine Kalbs

Date: 5/17/02

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

James A. Burg
JAMES A. BURG, Chairman

Pam Nelson
PAM NELSON, Commissioner

Robert K. Sahr
ROBERT K. SAHR, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

CERTIFICATE OF AUTHORITY

To Conduct Business As A Telecommunications Company
Within The State of South Dakota

Authority was Granted effective May 21, 2002
Docket No. TC02-027

This is to certify that

WINSTAR COMMUNICATIONS, LLC

is authorized to provide interexchange telecommunications services in
South Dakota.

This certificate is issued in accordance with SDCL 49-31-3 and ARSD
20:10:24:02, and is subject to all of the conditions and limitations contained in the
rules and statutes governing its conduct of offering telecommunications services.

Dated at Pierre, South Dakota, this 16th day of May, 2002.

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION:**



JAMES A. BURG, Chairman



PAM NELSON, Commissioner



ROBERT K. SAHR, Commissioner

