

IDT CORP  
Form DEF 14C  
October 28, 2011

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SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C.20549

SCHEDULE 14C INFORMATION

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

Check the appropriate box:

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

IDT CORPORATION

(Name of Registrant as Specified In Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rule 14c-5(g), and 0-11.
  - (1) Title of each class of securities to which transaction applies:
  - (2) Aggregate number of securities to which transaction applies:
  - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
  - (4) Proposed maximum aggregate value of transaction:
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- Fee paid previously with preliminary materials.
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and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- (1) Amount Previously Paid:
  - (2) Form, Schedule or Registration Statement No.:
  - (3) Filing Party:
  - (4) Date Filed:
-

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

October 28, 2011

Dear IDT Corporation Stockholder:

I am pleased to inform you that the Board of Directors of IDT Corporation (“IDT”) has approved the spin-off of Genie Energy Ltd. (“Genie”), a wholly-owned subsidiary of IDT, to IDT’s stockholders. IDT currently owns 100% of Genie and will be distributing all of that interest to IDT’s stockholders. Following the spin-off, IDT’s businesses will consist primarily of IDT Telecom, Innovative Communications Technologies, Inc., as well as other interests and smaller operations, including IDT’s interests in Zedge and Fabrix. Genie consists of IDT Energy, which operates our energy services company (ESCO), and Genie Oil and Gas, our unconventional energy operations.

The spin-off of Genie will occur by way of a pro rata distribution of Genie Class A common stock and Class B common stock to IDT’s stockholders. In the distribution, on the distribution date, each IDT stockholder will receive one share of Genie Class A common stock for every share of IDT Class A stock and one share of Genie Class B common stock for every share of IDT Class B common stock, held at 5:00 p.m., New York City time, on October 21, 2011, which is the record date for the spin-off. The distribution of shares of our Class B common stock will be paid in book-entry form and physical stock certificates will be issued only to holders of Class A common stock and, upon request, to holders of Class B common stock.

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

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

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

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

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

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

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

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

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October 28, 2011

Dear Genie Energy Ltd. Stockholder:

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

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

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

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

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

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

Sincerely,  
Claude A. Pupkin  
Chief Executive Officer

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

DATED OCTOBER 28, 2011

DEFINITIVE INFORMATION STATEMENT

GENIE ENERGY LTD.

Class A Common Stock

and

Class B Common Stock

(each, par value \$0.01 per share)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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



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

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QUESTIONS AND ANSWERS ABOUT THE SPIN-OFF

Q: Why am I receiving this document?

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

Q: What is the spin-off?

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

Q: What is Genie?

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

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

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

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

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

Q: What is the record date for the distribution?

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

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

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

Q: When will the spin-off be completed?

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A: There is no current public market for our common stock. However, our Class B common stock has been approved for listing on the NYSE under the symbol “GNE”, subject to our being in compliance with applicable NYSE listing standards, including as to minimum bid price during the when-issued trading period, and we expect to satisfy all the requirements for that continued listing. Trading in shares of our Class B common stock began on a “when-issued” basis on October 26, 2011 and “regular way” trading will begin on the first trading day following the distribution date. As trading has begun on a “when-issued” basis, you may purchase or sell our Class B common stock, but your transaction will not settle until after the distribution date. On the first trading day following the distribution date, when-issued trading with respect to our Class B common stock will end and regular way trading will begin. We cannot predict the trading prices for our Class B common stock before or after the distribution date.

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

Q: Do you intend to pay dividends on your common stock?

A: Genie does not anticipate paying dividends on its common stock in the foreseeable future. Genie’s current intent is to retain earnings, if any, to finance the working capital needs and potential expansion of Genie’s ESCO business, as well as the development of Genie’s unconventional energy businesses. The payment of dividends in the future will be at the sole discretion of Genie’s Board of Directors and will depend on, among other things, Genie’s results of operations, financial condition, capital expenditures and other cash obligations.

In November 2010, IDT announced its intention to pay quarterly dividends. However, because we and IDT will be separate entities after the spin-off, our decision to pay (or not pay) dividends in the future will not impact IDT’s intention and decision of whether to pay (or not pay) dividends in the future. See “Dividend Policy” on page 18 for additional information on our dividend policy following the spin-off.

Q: Where can IDT stockholders get more information?

A: If you have any questions relating to the distribution, you should contact:

IDT Corporation

520 Broad Street  
Newark, New Jersey 07102  
Attention: Bill Ulrey  
(973) 438-3838

Q: Who will be the distribution agent for the spin-off?

A: American Stock Transfer & Trust Company will be the distribution agent for the spin-off. The distribution agent can be contacted at:

59 Maiden Lane  
Plaza Level  
New York, New York 10038  
Telephone: (800) 937-5449

#### EXECUTIVE SUMMARY

Genie Energy Ltd., a Delaware corporation, is currently a subsidiary of IDT. Genie owns 99.3% of its subsidiary, GEIC, which owns 100% of IDT Energy and 92% of GOGI. Following the spin-off, our principal businesses, which are currently part of IDT, will consist of:

- IDT Energy, which operates our energy services company, or ESCO, that resells electricity and natural gas to residential and small business customers in New York, New Jersey and Pennsylvania; and



Genie Oil and Gas, which consists of (1) American Shale Oil Corporation, or AMSO, which holds and manages a 50% interest in American Shale Oil, LLC, or AMSO, LLC, our oil shale initiative in Colorado, and (2) an 89% interest in Israel Energy Initiatives, Ltd., or IEI, our oil shale initiative in Israel.

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

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

The diagram below sets forth our corporate structure:

#### Summary of the Spin-Off

The following is a summary of the terms of the spin-off. Please see "The Spin-Off" beginning on page 12 for a more detailed description of the matters described below.

Distributing company      IDT Corporation, a Delaware corporation.

Distributed company      Genie Energy Ltd., a Delaware corporation, which, following the spin-off, will be comprised of the current energy operations of IDT, specifically, IDT Energy, our ESCO business, and Genie Oil and Gas, which consists of our holdings in our unconventional energy initiatives.

Genie's principal executive offices are located at 550 Broad St., Newark, NJ 07102.

Distribution ratio	Each holder of IDT Class A common stock will receive a distribution of one share of Genie Class A common stock for every share of IDT Class A common stock held on the record date and each holder of IDT Class B common stock will receive a distribution of one share of Genie Class B common stock for every share of IDT Class B common stock held on the record date.
Securities to be distributed	<p>Approximately 1.6 million shares of Genie Class A common stock, which will constitute all of the outstanding shares of Genie Class A common stock immediately after the spin-off (based on approximately 1.6 million shares of IDT Class A common stock that were expected to be outstanding on the record date).</p> <p>Approximately 21.1 million shares of Genie Class B common stock, which will constitute all of the outstanding shares of Genie Class B common stock immediately after the spin-off (based on approximately 21.1 million shares of IDT Class B common stock that were expected to be outstanding on the record date).</p>
Record date	The record date is 5:00 p.m., New York City time, on October 21, 2011. In order to be entitled to receive shares of Genie Class A common stock and/or Class B common stock in the spin-off, holders of shares of IDT Class A common stock and Class B common stock must be stockholders as of 5:00 p.m., New York City time, on the record date.
Distribution date	The distribution date will be on or about October 28, 2011.
Relationship between Genie and IDT after the spin-off	Following the spin-off, IDT and Genie each will be independent, publicly-traded companies. Howard Jonas will be Chairman of the Board of both companies and Chief Executive Officer of IDT. Further, we have entered into agreements with IDT that will ease our transition from consolidated operating segments to an independent company following the spin-off and we will continue to cooperate with IDT when there is an opportunity for cost savings that does not impact the independence of the two companies. For example, pursuant to a Transition Services Agreement, IDT will continue to provide certain services, including, but not limited to, services relating to human resources, employee benefits administration, finance, accounting, tax, internal audit, facilities, investor relations and legal for an agreed period following the spin-off. Furthermore, IDT will grant us a license to use the IDT name for our ESCO business. Additionally, under the same agreement, Genie will provide specified administrative services to certain of IDT's foreign subsidiaries. For additional information regarding our

relationship with IDT after the spin-off, see “Our Relationship with IDT After the Spin-Off and Related Person Transactions” beginning on page 53.

Dividend policy

Genie does not anticipate paying dividends on its common stock in the foreseeable future. Genie’s current intent is to retain earnings, if any, to finance the potential expansion of our businesses. The payment of dividends in the future will be at the sole discretion of Genie’s Board of Directors and will depend on Genie’s results of operations, financial condition, capital expenditure plans and other cash obligations.

Intercompany indebtedness

There is no intercompany debt between IDT and the businesses included in Genie. There are current obligations for services between IDT and its subsidiaries, on the one hand, and the entities included in Genie, on the other hand, that will be paid or offset in the ordinary course of business. The only contemplated obligations arising after the spin-off would be obligations that arise under the Separation and Distribution Agreement, Transition Services Agreement, Tax Separation Agreement or that arise in the ordinary course of business pursuant to arms’ length arrangements between Genie and IDT.

Corporate Information and Structure

Pursuant to the spin-off, we will be separated from IDT and become a separate publicly-traded company. The spin-off and our resulting separation from IDT involve the following steps:

- We have entered into a Separation and Distribution Agreement and Tax Separation Agreement with IDT to effect the separation and provide a framework for our relationship with IDT after the spin-off. We also have entered into a Transition Services Agreement with IDT which provides for certain services to be performed by each of IDT and us to facilitate our transition into a separate publicly-traded company. These agreements provide, among other things, for the allocation between us and IDT of the assets, liabilities and obligations currently owned by IDT and attributable to periods prior to, at and after our separation from IDT, services relating to human resources, employee benefits administration, finance, accounting, tax, internal audit, facilities, investor relations and legal and/or the allocation of liabilities and responsibilities relating to employee compensation and benefit plans and programs and other related matters and the administration of insurance claims. For more information on these agreements, see “Our Relationship with IDT after the Spin-Off and Related Person Transactions” beginning on page 53.

- IDT will transfer cash to us prior to the spin-off such that we will have approximately \$106 million in cash at the time of the spin-off for our working capital, expansion capital for IDT Energy and to cover the cost of development of our unconventional energy projects and technologies at Genie Oil and Gas.
- Under the Securities Exchange Act of 1934, as amended (the “Exchange Act”), the registration statement on Form 10, of which this Information Statement is a part, shall have become effective, and IDT will mail this Information Statement to its stockholders.
- IDT has received a private letter ruling (the “IRS Ruling”) from the IRS substantially to the effect that, for U.S. federal income tax purposes, the spin-off will qualify as tax-free under Section 355 of the Internal Revenue Code of 1986 (the “Code”). In addition to obtaining the IRS Ruling, IDT has received an opinion from PricewaterhouseCoopers LLP (“PwC”) confirming the tax-free status of the spin-off for U.S. federal income tax purposes, including confirming the satisfaction of the requirements under Section 355 of the Code not specifically addressed in the IRS Ruling.
- Following the separation, we will operate as a separate publicly-traded company. Our Class B common stock has been approved for listing on the NYSE under the symbol “GNE”, subject to our being in compliance with applicable NYSE listing standards, and began trading on a when-issued basis on October 26, 2011, and we expect that our Class B common stock will begin trading on NYSE under the symbol “GNE” on a regular way basis on October 31, 2011. However, trading will not occur on the New York Stock Exchange unless our Class B common stock is compliant with the NYSE’s initial listing requirements, including as to minimum bid price during the when-issued trading period.

For a further explanation of the spin-off, see “The Spin-Off” beginning on page 12.

## RISK FACTORS

Our business, operating results or financial condition could be materially adversely affected by any of the following risks associated with any one of our businesses, as well as the other risks highlighted elsewhere in this document. The trading price of our Class B common stock could decline due to any of these risks. Note that references to “our,” “us,” “we,” etc. used in each risk factor below refers to the business about which such risk factor is provided.

### Risks Related to IDT Energy

The ESCO business is highly competitive, so we may be forced to cut prices or incur additional costs. IDT Energy faces substantial competition both from the traditional incumbent utilities as well as from other ESCOs, including ESCO affiliates of the incumbent utilities in specific territories. As a result, we may be forced to reduce prices, incur increased costs or lose market share. We compete on the basis of provision of services, customer service and price. Present or future competitors may have greater financial, technical or other resources which could put us at a disadvantage.

IDT Energy’s growth depends on its ability to enter new markets.

New markets for our business are determined based on many factors, which include the regulatory environment, as well as IDT Energy's ability to procure energy in an efficient and transparent manner. We seek to purchase wholesale energy where there is a real time market that reflects a fair price for the commodity for all participants. Once new markets are determined to be suitable for IDT Energy, we will incur significant customer acquisition costs and there can be no assurance that we will be successful in new markets. Furthermore, there are regulatory differences between the markets that we currently operate in and new markets, including, but not limited to, exposure to credit risk, additional churn caused by tariff requirements, rate-setting requirements and incremental billing costs.

Unfair business practices or other activities of ESCOs may adversely affect us.

Competitors in the highly competitive ESCO market engage in unfair business practices to sign up new customers. Competitors engaging in unfair business practices create an unfavorable impression about our industry on consumers. Such unfair practices by other companies can adversely affect our ability to grow or maintain our customer base. The successes, failures or other activities of various ESCOs within the markets that we serve may impact how we are perceived in the market.

Demand for ESCO services and consumption by customers are significantly related to weather conditions.

Typically, colder winters and hotter summers create higher demand and consumption for natural gas and electricity, respectively. Milder than normal winters and/or summers may reduce the demand for our energy services, thus negatively impacting our financial results.

Our current strategy is based on current regulatory conditions and assumptions, which could change or prove to be incorrect.

Regulation over the electricity and natural gas markets has been in flux at the state and federal levels. In particular, any changes adopted by the Federal Energy Regulatory Commission, or FERC, or changes in state or federal laws or regulations (including greenhouse gas laws) may affect the prices at which IDT Energy purchases electricity or natural gas for its customers. While we endeavor to pass along increases in energy costs to our customers pursuant to our variable rate customer offerings, we may not always be able to do so due to competitive market forces and the risk of losing our customer base. In addition, potential regulatory changes may impact our ability to use our established sales and marketing channels. Any changes in these factors, or any significant changes in industry development, could have an adverse effect on our revenues, profitability and growth or threaten the viability of our current business model.

Regulatory conditions can affect the amount of taxes and fees we need to pay and our pricing advantages. We are subject to audits in various jurisdictions, including New York, for various taxes, including income tax, utility excise tax, and sales and use tax. Aggressive stances taken recently by regulators increase the likelihood of our having to pay additional taxes and fees in connection with these audits. In the future, we may seek to pass such charges along to our customers, which could have an adverse impact on our pricing advantages.

Commodity price volatility could have an adverse effect on our cost of goods sold and our results of operations. Volatility in the markets for certain commodities can have an adverse impact on our costs for the purchase of the electricity and natural gas that IDT Energy sells to its customers. We may not always choose to pass along increases in costs to our customers to protect overall customer satisfaction. This would have an adverse impact on our margins and results of operations. Alternatively, volatility in pricing for IDT Energy's products related to the cost of the underlying commodities can lead to increased customer churn.

We face risks that are beyond our control due to our reliance on third parties and our general reliance on the electrical power and transmission infrastructure within the United States.

Our ability to provide energy delivery and commodity services depends on the operations and facilities of third parties, including, among others, BP Energy Company and BP Corporation North America, Inc. (collectively "BP"), the New York Independent System Operator, Inc., or NYISO, and PJM Interconnection, LLC, or PJM. Our reliance on the electrical power generation and transmission infrastructure within the United States makes us vulnerable to large-scale power blackouts. The loss of use or destruction of third party facilities that are used in providing our services due to extreme weather conditions, breakdowns, war, acts of terrorism or other occurrences could greatly reduce our potential earnings and cash flows.

The ESCO business, including our relationship with our suppliers, is dependent on access to capital and liquidity, which may be limited under current circumstances.

Our business involves entering into contracts to purchase large quantities of electricity and natural gas. Because of seasonal fluctuations, we are generally required to purchase electricity or natural gas in advance and finance that purchase until we can recover such amounts from revenues. IDT Energy has a Preferred Supplier Agreement with BP pursuant to which BP is our preferred provider of electricity and natural gas. In addition to other advantages of this agreement, we are no longer required to post security with most suppliers other than BP. There can be no assurance that we will be able to maintain the required covenants, that BP will be able to maintain their required credit rating, or that the agreement will be renewed upon its expiration in June 2014. In addition, the security requirements outside of the BP agreement may increase as we enter other markets. Difficulty in obtaining adequate credit and liquidity on commercially reasonable terms may adversely affect our business, prospects and financial conditions.

A revision to certain utility best practices and programs in which we participate and with which we comply could disrupt our operations and adversely affect our results and operations.

Certain retail access "best practices" and programs proposed and/or required by state regulators have been implemented by utilities in most of the service territories in which we operate. One such practice in New York is participation in purchase of receivables, or POR, programs under which certain utilities purchase customer receivables for approximately 98% of their face value in exchange for a first priority lien in the customer receivables without recourse against an ESCO. This program is a key to our control of bad debt risk in our ESCO business in New York and a similar program is important to us in Pennsylvania. In the event that POR programs or any other best practice or program were to be revised or eliminated by state regulators or the individual utilities, we would need to adjust our current strategy regarding customer acquisition and our focus on the growth of our customer base. We would also need to adjust our current business plan to reduce our exposure to existing customers who may pose a bad debt risk. Any failure to properly respond to changing conditions could adversely affect our results of operations and profitability.

In addition, on June 23, 2008, the New York State Public Service Commission, or NYPSC, issued its Order Establishing Energy Efficiency Portfolio Standard, or EEPS, and Approving Programs setting a goal of gradually reducing electricity usage by 15% statewide by 2015 and requiring the utilities to file energy efficiency programs consistent with the policies and cost/benefit factors adopted by the NYPSC. Since 2009, the Commission has approved 90 electric and natural gas energy efficiency programs to implement the EEPS policy. We cannot predict the impact of the EEPS on the electricity usage of our customers. There could be an adverse effect on the result of operations of our ESCO business if the EEPS results in a reduction in the aggregate amount of customer demand.

In New Jersey, customers who are delinquent in paying their invoices are no longer eligible to receive a consolidated utility invoice. A consolidated utility invoice is similar to a purchase of receivables program since the utility has the responsibility to bill the customer and collect the receivable. Instead, those customers are switched to a dual bill arrangement whereby IDT Energy is responsible to bill and collect the commodity portion of the customers' invoices. Once we invoice these customers under a dual bill arrangement, we have bad debt risk associated with that portion of our revenues. Economic conditions, the creditworthiness of our customers in New Jersey and our ability to collect from these customers, among other things, may impact our profitability.

The ESCO business depends on the continuing efforts of our management team and our personnel with strong industry or operational knowledge and our efforts may be severely disrupted if we lose their services. Our success depends on key members of our management team, the loss of whom could disrupt our business operation. Our business also requires a capable, well-trained workforce to operate effectively. There can be no assurance that we will be able to retain our qualified personnel, the loss of which may adversely affect our business, prospects and financial conditions.

The ESCO business relies on information systems.

We depend on our information systems and related computer hardware as well as on the information systems of third parties. Failure of our systems or of third party systems could result in suspension of our ESCO license and would cause a negative impact on our results of operations, financial condition, cash flow and reputation with our customers and/or regulators.

#### Risks Related to Genie Oil and Gas

We have no current production of oil and gas and we may never have any.

We do not have any current production of oil and gas. We cannot assure you that we will produce or market shale oil or gas at all or in commercially profitable quantities. Our ability to produce and market oil and gas may depend upon our ability to develop and operate our planned projects and facilities, which may be affected by events or conditions that impact the advancement, operation, cost or results of such projects or facilities, including:

- § Energy commodity prices relative to production costs;
- § The occurrence of unforeseen technical difficulties;
- § The outcome of negotiations with potential partners, governmental agencies, regulatory bodies, suppliers, customers or others;
- § Changes to existing legislation or regulation governing our current or planned operations;
- § Our ability to obtain all the necessary permits to operate our facilities;
- § Changes in operating conditions and costs, including costs of third-party equipment or services such as drilling and processing and access to power sources; and
- § Security concerns or acts of terrorism that threaten or disrupt the safe operation of company facilities.

In-situ technology for the extraction of oil and gas from oil shale is in its early stages of development and has not been deployed commercially at large scale. AMSO, LLC and IEI may not be able to develop environmentally acceptable and economically viable technology in connection therewith.

Our strategy is predicated on the production and extraction of unconventional resources, defined as any resource other than the traditional oil well. Our initial activity is in the in-situ production of oil and gas from oil shale which is typically more costly and is less established technically than traditional oil and gas production and therefore incurs a higher degree of technology risk. The greater cost increases the risk that we will not be profitable given commodity price fluctuations, assuming we enter into commercial production.

Operating hazards and uninsured risks with respect to the oil and gas operations may have material adverse effects on our operations.

Our research, exploration and, if successful, development and production operations are subject to risks similar to those normally incident to the exploration for and the development and production of oil and gas, including blowouts, subsidence, uncontrollable flows of oil, gas or well fluids, fires, pollution and other environmental and operating risks. These hazards could result in substantial losses due to injury or loss of life, severe damage to or destruction of property and equipment, pollution and other environmental damage and suspension of operations. While as a matter of practice we have insurance against some or all of these risks, such insurance may not cover the particular hazard and may not be sufficient to cover all losses. The occurrence of a significant event adversely affecting any of our operations could have a material adverse effect on us, could materially affect our continued operations and could expose us to material liability.

Genie Oil and Gas' dependence on contractors, equipment and professional services that have limited availability could result in increased costs and possibly material delays in their respective work schedules.



Due to the lack of available technical resources with in-situ hydrocarbon production experience, the costs for our operations may be more expensive than planned or there could be delays in our operating plans. We are also more likely to incur delays in our drilling and operating schedule and we may not be able to meet our required work schedule. Similarly, some of the professional personnel we need for our planned operations are not available in Israel or are not available on short notice for work in Israel, and, therefore, we may need to use overseas contractors for various projects. Any or all of the factors specified above may result in increased costs and delays in our work schedule.

Genie Oil and Gas will require substantial funds and will need to raise additional capital in the future. We will need substantial funds to fully execute our research and development activities, and, if those activities are successful we will need additional substantial funds to commence our anticipated commercial operations, if any. Failure to secure adequate funding could adversely affect our ability to advance our strategic plans as currently contemplated and require us to delay, scale back, or shut down our operations.

In January 2011, TOTAL S.A., or Total, completed funding of its committed capital contributions to AMSO, LLC, and, accordingly, Total has the option to terminate its obligations to make additional capital contributions and withdraw as a member of AMSO, LLC. If Total exercises this option and terminates its future funding, we will need to find other sources of funding or otherwise risk shutting down AMSO, LLC's operations.

Genie Oil and Gas' success depends on the continuing efforts of key personnel and certain strategic partners, and our efforts may be severely disrupted if we lose their services.

Our future success depends, to a significant extent, on our ability to attract and retain qualified technical personnel particularly those with expertise in the oil and gas industry and with in-situ hydrocarbon projects. There is substantial competition for qualified technical personnel, and there can be no assurance that we will be able to attract or retain our qualified technical personnel. Specifically, we heavily rely on the services of the members of the management and technical teams at AMSO, LLC and IEI, including Harold Vinegar, PhD at IEI and Alan Burnham, PhD at AMSO, LLC, for their technical expertise, assistance in the development of our intellectual property and guidance on building out a pilot/commercial facility for potential commercial production. In addition, AMSO, LLC is dependent on Total (as discussed more fully below in the Business section) for technical expertise, financial support and guidance.

The unexpected loss of the services of one or more of these people and/or the technical expertise and support of certain partners, and the ability to find suitable replacements within a reasonable period of time thereafter, could have a material adverse effect on our operations.

There are uncertainties associated with AMSO, LLC's lease and IEI's license.

AMSO, LLC's lease for research, development and demonstration, or RD&D Lease, runs for a 10-year period expiring at the end of 2016, with a possible extension of up to five years upon demonstration that a process leading up to the production of commercial quantities of shale oil is diligently being pursued. The terms of the RD&D Lease do not guarantee that the U.S. Bureau of Land Management, or BLM, will grant a commercial lease. Further, there is significant environmental opposition to the commercial production of shale oil. Under current regulation, there are numerous conditions and requirements, the evaluation of which is subject to considerable discretion by the BLM, that AMSO, LLC will have to satisfy in order to convert its RD&D Lease into a commercial lease prior to the expiration of the RD&D Lease term. These conditions, which are more fully discussed in the Business section below, require AMSO, LLC to demonstrate, among other things, an economically viable commercial production process which will likely depend upon the prices of competing products, including conventional oil. There can be no assurance that AMSO, LLC will satisfy all of these conditions and requirements. Additionally, there have been proposed changes to the regulations governing commercial leases such as the lease into which AMSO, LLC intends to convert its RD&D Lease. The BLM recently announced their intention to issue new commercial oil shale regulations, which could affect the commercial royalty rates and the conversion criteria. Although the conversion terms of AMSO, LLC's RD&D Lease provide for applicability of the existing regulatory scheme, we cannot assure you that we will not be subjected to more restrictive or less favorable regulations.

IEI holds an exclusive Shale Oil Exploration and Production License that expires in July 2012. The initial term of the license was for three years until July 2011. The license was extended for an additional year, and it may be further extended in one year increments until July 2015 (the maximum term of a license under Israeli Law is seven years). Although the license may be further extended and IEI may also apply for a new license, there is no guarantee the license will be extended, that a new license would be granted or that the license will not be successfully challenged by environmental or other opposition groups. IEI's project may be delayed or even suspended if IEI loses its license as a result of the legal proceedings filed by the Israel Union for Environmental Defense (see Legal Proceedings elsewhere in this Information Statement). In addition, the license is subject to certain conditions and milestones and the failure to reach those milestones may result in the termination, revocation, suspension or limitation of the license.

Genie Oil and Gas is subject to regulatory, legal and political risks that may limit its operations.

Our operations and potential earnings may be affected from time to time in varying degree by regulatory, legal and political factors including laws and regulations related to environmental or energy security matters, including those addressing alternative and renewable energy sources and the risks of global climate change. Such laws and regulations continue to increase in both number and complexity and affect our operations with respect to, among other things:

- § The discharge of pollutants into the environment;
- § The handling, use, storage, transportation, disposal and cleanup of hazardous materials and hazardous and nonhazardous wastes;
- § The dismantlement, abandonment and restoration of our properties and facilities at the end of their useful lives;
- § Restrictions on exploration and production;
- § Loss of petroleum rights including key leases, licenses or permits;
- § Tax or royalty increases, including retroactive claims;
- § Intellectual property challenges that would limit our ability to use our planned in-situ production technologies; and
- § Political instability, war or other conflicts in areas where we operate.

For example, in March 2011, the Israeli Parliament passed a new bill materially increasing the overall taxes, royalties and other fees due to the Israeli government from revenues derived by oil and natural gas producers. The Israeli Income Tax Ordinance was revised accordingly and the amount payable to the government from revenues derived by oil and natural gas producers increased from a maximum of 32% to 52%. This tax will only be imposed once a project has passed certain milestones set forth in the ordinance (when the profits derived from a certain field have reached 150% of the original investment in that field).

AMSO, LLC's RD&D Lease is subject to other third party lease interests.

There are other mineral leases which are collocated with AMSO, LLC's lease interests, including the territory designated for AMSO LLC's commercial lease conversion. While some of these other leases are subject to special oil shale stipulations requiring the leaseholders to minimize potential impacts and prevent interference with oil shale development, others are not. Although AMSO, LLC works to coordinate drilling plans and operations with these collocated leaseholders to preserve the integrity of its resource and operations, we cannot guaranty that these collocated leases will not interfere with AMSO LLC's operations.

Regulation of greenhouse gas emissions could increase Genie Oil and Gas' operational costs, cause delays and/or restrict our operations.

The production and processing of oil shale will result in some emission of greenhouse gases. International agreements and national or regional legislation and regulatory measures to limit greenhouse emissions are currently in various phases of discussion or implementation. The Kyoto Protocol and other actual or pending federal, state and local regulations, envision a reduction of greenhouse gas emissions through market-based trading schemes. As a result of these and other potential environmental regulations, if our research and development activities are successful and we eventually begin commercial production, we can expect to incur additional capital, compliance, operating, maintenance and remediation costs. To the extent these costs are not ultimately reflected in the price of the products we sell, our operating results will be adversely affected.

The oil and gas industry is subject to the general inherent industry and economic risks.

The oil and gas business is fundamentally a commodity business. This means that potential future commercial operations and earnings may be significantly affected by changes in oil and gas prices and by changes in margins on gasoline, natural gas and other refined products.

We may be exposed to infringement or misappropriation claims by third parties, which, if determined adversely to us, could cause us to lose significant rights and pay significant damage awards.

Our success also depends largely on our ability to use and develop our technology and know-how without infringing the intellectual property rights of third parties. The validity and scope of claims relating to our technology involve complex scientific, legal and factual questions and analysis. It is therefore difficult to accurately predict whether or not a third party will assert that we are infringing on its intellectual property or whether it would prevail. Although we are not currently aware of any infringement or of any parties pursuing or intending to pursue infringement claims against us, we cannot assure you that we will not be subject to such claims in the future. Also, in many jurisdictions, patent applications remain confidential and are not published for some period after filing. Thus, we may be unaware of other parties' pending patent applications that relate to our processes. While at present we are unaware of competing patent applications, such applications could potentially surface.

The defense and prosecution of intellectual property suits, patent opposition proceedings and related legal and administrative proceedings can be both costly and time consuming and may significantly divert the efforts and resources of our technical and management personnel. An adverse determination in any such litigation or proceedings to which we may become a party could subject us to significant liability to third parties, require us to seek licenses from third parties, to pay ongoing royalties, to redesign our products, or subject us to injunctions prohibiting the manufacture and sale of our products or the use of our technologies.

#### Risks Relating to the Spin-Off

We may be unable to achieve some or all of the benefits that we expect to achieve from our separation from IDT. As a stand-alone, independent public company, we believe that our business will benefit from, among other things, allowing our management to design and implement corporate strategies and policies that are based primarily on the characteristics of our energy businesses, to focus our financial resources wholly on our own operations and to implement and maintain a capital structure designed to meet our own specific needs. However, we may not be able to achieve some or all of the benefits expected as a result of the spin-off.

Additionally, by separating from IDT, there is a risk that we may be more susceptible to industry and stock market fluctuations and other adverse events than we would have been were we still a part of IDT due to a reduction in business diversification.

Prior to the spin-off, we have been able to take advantage of IDT's size and purchasing power in procuring certain goods, technology and services, including insurance, human resources and employee benefits administration, finance, accounting, tax and legal. As a separate, stand-alone entity, we may be unable to obtain access to financial and other resources on terms as favorable as those available to us prior to the separation. Furthermore, as a stand-alone company, we will not be able to enjoy certain benefits from IDT's operating diversity, borrowing leverage and available capital for investments.

If the spin-off were to fail to qualify as a tax-free spin-off under Section 355 of the Code, IDT and/or our stockholders, might be subject to significant tax liability.

Despite receipt of the IRS Ruling, if the spin-off fails to qualify for tax-free treatment, IDT would be treated as if it had sold our common stock for its fair market value, resulting in a taxable gain to the extent of the excess of such fair market value over its tax basis in our stock. In general, our initial public stockholders would be treated as if they had received a taxable distribution equal to the fair market value of our common stock that was distributed to them. For additional information, see "Material U.S. Federal Income Tax Consequences of the Spin-Off" beginning on page 15.

Our operations may depend on the availability of additional financing and after the spin-off we will not be able to obtain financing from IDT.

Following the spin-off, we expect to have sufficient liquidity to support the short to medium term development of our business. In the future, however, we may require additional financing for capital requirements and growth initiatives. After the spin-off, IDT will not provide funds to us. Accordingly, we will depend on our ability to generate cash flows from operations and to borrow funds and issue securities in us or our subsidiaries in the capital markets or to strategic investors to maintain and expand our business and operations. We may need to incur debt or issue equity on terms and at interest rates that may not be as favorable as those historically enjoyed by IDT. If additional financing is not available when required or is not available on acceptable terms, we may be unable to fund our business, successfully promote and expand our business, develop or enhance our technologies, products and services, take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our business prospects, financial condition and results of operations.

Our historical and pro forma financial information may not be indicative of our future results as an independent company.

The historical and pro forma financial information we have included in this Information Statement may not reflect what our results of operations, financial position and cash flows would have been had we been an independent company during the periods presented or be indicative of what our results of operations, financial position and cash flows may be in the future when we are an independent company. We have made pro forma adjustments based upon available information and assumptions that we believe are reasonable to reflect these factors, among others, in our pro forma financial information included in this Information Statement. However, our assumptions may not prove to be accurate. In addition, the service agreements between IDT and us will include additional services to be provided, on an interim basis, as a separate publicly-traded company. Charges for these additional services were not included in our historical consolidated financial statements or in our pro forma adjustments since they were not applicable for periods that we were not a separate public company. We estimate that the additional costs (including for services to be provided by IDT and others) related to being a publicly-traded company and being separated from IDT, will be between \$3.5 million and \$5.0 million annually. Several of the costs included in this estimated range are preliminary, subject to negotiation, and may vary from our assumptions when finalized. Our pro forma information should not be assumed to be indicative of what our results of operations, cash flows or financial condition actually would have been as a stand-alone public company or to be a reliable indicator of what our results of operations, cash flows and financial condition actually may be in the future.

#### Risk Factors Generally Relating to Us and Our Common Stock

We have limited resources and could find it difficult to raise additional capital.

As a result of the spin-off, IDT Energy and Genie Oil and Gas will be newly independent from IDT. We have no operating history as an independent company and limited sources of financing, as described below in “Business—Genie Oil and Gas.” There can be no assurance that we will be able to obtain the necessary funding on commercially reasonable terms in a timely fashion. Failure to receive the funding could have a material adverse effect on our business, prospects, and financial condition.

There may not be an active trading market for shares of our Class B common stock and stockholders may find it difficult to transfer our securities.

Prior to the spin-off, there was no public trading market for shares of our common stock. Our Class B common stock has been approved for listing on the NYSE under the symbol “GNE”, subject to our being in compliance with applicable NYSE listing standards, including as to minimum bid price during the when-issued trading period, and began trading on a when-issued basis on October 26, 2011. We expect to satisfy all the requirements for that continued listing. However, we cannot predict the extent to which investor interest in us will lead to the development of an active trading market in our common stock or how liquid such a market might become. It is possible that, even if our Class B common stock is listed on the NYSE, an active trading market will not develop or continue, and there can be no assurance as to the price at which our Class B common stock will trade. The initial share price of our Class B common stock may not be indicative of prices that will prevail in any future trading market.

In addition, because of the significant changes that will take place as a result of the spin-off, the trading market for our Class B common stock and IDT’s Class B common stock after the spin-off may be significantly different from that for IDT’s Class B common stock prior to the spin-off.

We cannot predict the price range or volatility of our Class B common stock after it is listed, and sales of a substantial number of shares of our Class B common stock may adversely affect the market price of our Class B common stock.

Investors may suffer dilution.

In the future, we may engage in equity financing to fund our future capital expenditures, operations and growth. If we raise additional funds by issuing equity or equity-linked securities, stockholders may experience significant dilution of their ownership interest (both with respect to the percentage of total securities held, and with respect to the book value of their securities) and such securities may have rights senior to those of the holders of our common stock.

We are controlled by our principal stockholder, which limits the ability of other stockholders to affect the management of the Company.

Howard S. Jonas, our Chairman of the Board, will, following the spin-off, have voting power over 5,370,210 shares of our common stock (which includes 1,574,326 shares of our Class A common stock and 3,795,884 shares of our Class B common stock and representing approximately 74.4% of the combined voting power of our outstanding capital stock, as of October 26, 2011. Mr. Jonas will be able to control matters requiring approval by our stockholders, including the approval of significant corporate matters, such as any merger, consolidation or sale of all or substantially all of our assets. As a result, the ability of any of our other stockholders to influence our management will be limited.

We intend to exercise our option for the “controlled company” exemption under NYSE rules with respect to our Nominating Committee.

Following the spin-off, we will be a “controlled company” as defined in section 303A of the NYSE Listed Company Manual because more than 50% of the combined voting power of all of our outstanding capital will be beneficially owned by Howard S. Jonas, our Chairman of the Board. As a “controlled company,” we will be exempt from certain NYSE listing standards requiring a board of directors with a majority of independent members, a compensation committee composed entirely of independent directors and a nominating committee composed entirely of independent directors. These independence standards are intended to ensure that directors who meet those standards are free of any conflicting interest that could influence their actions as directors. We intend to apply this “controlled company” exemption for our corporate governance practices only with respect to (i) the independence requirements of our Nominating Committee and (ii) not having a single Nominating/Corporate Governance Committee. Accordingly, with respect to our Nominating Committee and, if we choose to apply the controlled company exemption to them, for the other independence requirements as well, you will not have the same protections afforded to stockholders of companies that are subject to all of the corporate governance requirements of the NYSE.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Information Statement and other materials filed or to be filed by us and IDT, as well as information in oral statements or other written statements made or to be made by us and IDT, contain statements, including in this document under the captions “Executive Summary,” “Risk Factors,” “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Business,” that are, or may be considered to be, forward-looking statements. All statements that are not historical facts, including statements about our beliefs or expectations, are forward-looking statements. You can identify these forward-looking statements by the use of forward-looking words such as “outlook,” “believes,” “expects,” “potential,” “continues,” “may,” “will,” “should,” “seeks,” “approximately,” “predicts,” “intends,” “plans,” “anticipates,” “foresees” or the negative version of those words or other comparable words and phrases. Any forward-looking statements contained in this Information Statement are based upon our historical performance and on current plans, estimates and expectations. The inclusion of this forward-looking information should not be regarded as a representation by us or any other person that the future plans, estimates or expectations contemplated by us will be achieved.

We believe that the factors that could cause our actual results to differ materially include but are not limited to the factors we describe in this Information Statement, including under “Risk Factors,” “The Spin-Off” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” The following list represents some, but not necessarily all, of the factors that could cause actual results to differ from historical results or those anticipated or predicted by these forward-looking statements:

- § Changes in demand for our products and services;
- § Commodity price fluctuations
- § Weather conditions and natural disasters;
- § Regulatory changes including changes to environmental regulations;
- § Research and development difficulties and/or delays;
- § Difficulty in developing, preserving and protecting our intellectual property;
- § Loss of key management and technical personnel;
- § Availability and access to financial and other resources;
- § Changes to tax and royalty structures
- § Acts of terrorism or war;
- § Competition and innovation in our industries;
- § Our ability to develop and introduce new or enhanced products and services;
- § Our ability to protect our information systems;
- § Adequacy of our internal controls;
- § Our ability to comply with laws governing our operations and industry;
- § Increases in tax liabilities;
- § Difficulty in implementing our business strategies;
- § Failure of the spin-off to qualify as a tax-free transaction; and
- § Labor force stoppages.

These factors should not be construed as all inclusive and should be read in conjunction with the other cautionary statements that are included in this Information Statement. If one or more of these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may vary materially from what we projected. Consequently, actual events and results may vary significantly from those included in or contemplated or implied by our forward-looking statements. The forward-looking statements included in this Information Statement are made only as of the date of this Information Statement, and we undertake no obligation to publicly update or review any forward-looking statement made by us or on our behalf, whether as a result of new information, future developments, subsequent events or circumstances or otherwise.



## THE SPIN-OFF

After a thorough strategic review of IDT's business portfolio, IDT determined that separating our energy businesses from its other operations would allow us to be in a better position to thrive under our own management and allow us to create more long-term value individually than through the combined entity. In addition, by separating from the remaining IDT businesses, we would avoid the risks associated with those businesses and provide investors with a company solely focused on the energy industry.

The transaction is intended to be in the form of a tax-free distribution to IDT's stockholders. To that end, IDT received the IRS Ruling substantially to the effect that, for U.S. federal income tax purposes, the distribution of shares of our Class B common stock will qualify as tax-free under Section 355 of the Code. In addition to obtaining the IRS Ruling, IDT has received an opinion from PwC confirming the tax-free status of the spin-off for U.S. federal income tax purposes, including confirming the satisfaction of the requirements under Section 355 of the Code not specifically addressed in the IRS Ruling. You should consult your own tax advisor concerning the tax impact of the spin-off on you.

## Reasons for the Spin-Off

The spin-off will separate our businesses from the remainder of IDT's operations and holdings that have different growth and industry characteristics. We, along with IDT's management and Board of Directors, believe that the operational and growth prospects of our businesses may best be realized by a separation from those that will remain with IDT based on several factors including industry characteristics and growth prospects of our ESCO and unconventional energy businesses. We and IDT believe that separating the two groups of operating units will allow our management and IDT's management to design and implement corporate strategies and policies that are based primarily on the business characteristics of the industry in which we or IDT operate, maintain a sharper focus on core business and growth opportunities, and concentrate our and IDT's financial resources wholly on our respective operations. Moreover, our separation from IDT will make IDT a more easily understood company and provide investors with greater transparency regarding the future prospects and value of our business units. Investors will have the ability to independently value our company, a high-growth energy company, in contrast to IDT's more mature business. Accordingly, we believe the spin-off will build long-term stockholder value.

## Other Benefits of the Spin-Off

The Board of Directors of IDT considered the following potential benefits in making the determination to effect the spin-off:

- § Increase transparency and clarity into the different businesses. IDT's telecom and energy businesses are fundamentally different. They are at different stages of development, with different growth characteristics and capital requirements. Thus, the investment community, stockholders and investors will be better able to evaluate the merits and future prospects of each company. This will allow potential investors to invest in industry-focused investment vehicles, thus enhancing the likelihood that each company will receive an appropriate market valuation.
- § Both companies will likely receive coverage from industry-specialized equity analysts as they will be able to focus on the different industries of each company.
- § Investors will be able to choose whether they want to invest in a company with a more predictable cash flow or in a company that will have higher risk but potentially higher return.
- § As an independent, energy focused company, Genie should have improved access to the capital markets to fund the development of our businesses, especially Genie Oil and Gas, which is expected to require substantial ongoing capital needs as it develops its technology and transitions into commercial production.
- § Reduce internal competition for capital. Instead of having limited access to resources, we will now be able to invest any excess cash flow exclusively into the growth initiatives of our energy businesses. In addition, we will have direct access to the public capital markets to allow us to seek to finance our operations and growth without having to compete with IDT's other businesses with respect to financing. As an independent entity, we will be in a position to pursue strategies our Board of Directors and management believe will create long-term stockholder value, including organic and acquisition growth opportunities, provided we continue to have access to capital.
- § Provide both companies heightened strategic flexibility to form strategic business alliances in their target markets, unencumbered by considerations of the potential impact on the other business.

§

Allow us to effect future strategic transactions utilizing our common stock for all or part of the consideration and to issue a security more directly tied to the performance of our business.

- § Create our common equity shares, including options and restricted shares, in order to provide the appropriate incentive mechanisms to motivate and reward our management and employees. Assuming we are able to list our common stock and an active trading market develops, we will be able to develop and implement more appropriate incentive programs to attract and retain key employees through the use of stock-based and performance-based incentive plans that more directly link their compensation with our financial performance. These programs will be designed to more directly reward employees based on our performance.
- § Allow each separated company to recruit and retain employees pursuant to compensation policies which are appropriate for their respective lines of business.
- § The telecom business is a more stable and mature business with modest growth and limited capital needs going forward and expects to pay dividends after the spin-off, while the Genie Oil and Gas businesses are very capital intensive, and have huge growth potential in our oil shale projects. Accordingly, we do not plan on paying dividends in the foreseeable future.

Neither we nor IDT can assure you that, following the spin-off, any of these benefits will be realized to the extent anticipated or at all. For a description of the factors that might impact our ability to achieve these benefits, see “Risk Factors.”

IDT’s Board of Directors also considered a number of other factors in evaluating the spin-off, including:

- § The one-time and on-going costs of the spin-off, and having us operate as an independent public company;
- § Our capital structure;
- § The possibility that disruptions in normal business may result;
- § The risk that the combined trading prices of our common stock and IDT common stock after the distribution may be lower than the trading price of IDT common stock before the distribution; and
- § The fact that Genie will not be eligible to utilize IDT’s net operating loss carryforwards to offset its taxable income for periods following the spin-off and, as a result, will likely have an increased tax burden as compared to the remaining part of IDT’s consolidated tax group.

IDT's Board of Directors concluded that the potential long-term benefits of the spin-off outweigh these factors, and that separating us from IDT in the form of a tax-free distribution is appropriate and advisable.

#### Manner of Effecting the Spin-Off

The general terms and conditions relating to the spin-off are set forth in the Separation and Distribution Agreement between us and IDT. The spin-off will be effective at 11:59 p.m., New York City time on the distribution date, which will be on or about October 28, 2011. As a result of the spin-off, each IDT stockholder will receive one share of our Class A common stock for every share of IDT Class A common stock and one share of our Class B common stock for every share of IDT Class B common stock held as of the record date.

In order to be entitled to receive shares of our common stock in the spin-off, IDT stockholders must be stockholders as of the record date. The distribution of unrestricted shares of our Class B common stock will be paid in book-entry form and physical stock certificates will be issued only to holders of our Class A common stock and, upon request, to holders of our Class B common stock. Each share of our Class A common stock and Class B common stock that is distributed will be validly issued, fully paid and non-assessable and free of preemptive rights. See "Description of Our Capital Stock" beginning on page 56.

IDT stockholders will not be required to pay for shares of our Class A common stock and Class B common stock received in the spin-off or to surrender or exchange shares of IDT Class A common stock and/or Class B common stock in order to receive our common stock or to take any other action in connection with the spin-off. No vote of IDT stockholders is required or sought in connection with the spin-off, and IDT stockholders will have no appraisal rights in connection with the spin-off.

If any stockholder of IDT on the record date sells shares of IDT common stock after the record date but on or before the spin-off date, the buyer of those shares, and not the seller, will become entitled to receive the shares of our common stock issuable in respect of the shares sold. See "Trading Between the Record Date and Spin-Off Date" below for more information.

#### Trading Between the Record Date and Distribution Date

Beginning on or shortly before the record date and continuing up to and including through the distribution date, we expect that there will be two markets in IDT Class B common stock: a "regular-way" market and an "ex-distribution" market. Shares of IDT Class B common stock that trade on the regular-way market will trade with an entitlement to receive shares of Genie Class B common stock distributed pursuant to the distribution. Shares that trade on the ex-distribution market will trade without an entitlement to receive shares of Genie Class B common stock distributed pursuant to the distribution. Therefore, if you sell shares of IDT Class B common stock in the "regular-way" market after the close of business on the record date and up to and including through the distribution date, you will be selling your right to receive shares of Genie Class B common stock in the distribution. If you own shares of IDT Class B common stock at the close of business on the record date and sell those shares on the "ex-distribution" market, up to and including through the distribution date, you will still receive the shares of Genie Class B common stock that you would be entitled to receive pursuant to your ownership of the shares of IDT Class B common stock.

Our Class B common stock has been approved for listing on the NYSE under the symbol "GNE", subject to our being in compliance with applicable NYSE listing standards, including as to minimum bid price during the when-issued trading period, and began trading on a when-issued basis on October 26, 2011. We expect to satisfy all the requirements for that continued listing. Therefore, continuing up to and including through the distribution date, there will be a "when-issued" market in our Class B common stock. "When-issued" trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. The "when-issued" trading market will be a

market for shares of Genie Class B common stock that will be distributed to IDT stockholders on the distribution date. If you owned shares of IDT Class B common stock at the close of business on the record date, you would be entitled to shares of our common stock distributed pursuant to the distribution. You may trade this entitlement to shares of Genie Class B common stock, without trading the shares of IDT Class B common stock you own, on the “when-issued” market. On the first trading day following the distribution date, “when-issued” trading with respect to Genie Class B common stock will end and “regular-way” trading will begin.

#### Results of the Spin-Off

After the spin-off, we will be a separately traded public company. Immediately following the spin-off, we expect to have approximately 6 record holders of our Class A common stock and 108 record holders of shares of our Class B common stock based on the number of beneficial and record holders, respectively, of shares of IDT Class B common stock and Class A common stock on October 21, 2011 and the number of beneficial and record holders, respectively, of shares of Genie common stock held by minority stockholders prior to the spin-off.

The actual number of shares to be distributed will be determined on the record date and will reflect any exercise of IDT options between the date the Board of Directors of IDT declares the distribution for the spin-off and the record date for the spin-off.

We and IDT are parties to a number of agreements that govern the spin-off and the future relationship between the two companies. For a more detailed description of these agreements, please see “Our Relationship with IDT after the Spin-Off and Related Person Transactions” beginning on page 53.

### Treatment of Stock Options in the Spin-Off

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

### Interest of Genie's Officers and Directors

The interest of our officers and Board of Directors in the spin-off is reflected in their stock ownership as set forth in the Security Ownership of Certain Beneficial Owners and Management on page 52 as certain of them will be receiving shares of our common stock as a result of the distribution.

### Material U.S. Federal Income Tax Consequences of the Spin-Off

The following is a summary of the material U.S. federal income tax consequences to IDT, the holders of IDT Class A common stock and Class B common stock, us and the holders of our common stock after the spin-off as of the date hereof. This summary does not discuss all tax considerations that may be relevant to stockholders in light of their particular circumstances, nor does it address the consequences to stockholders subject to special treatment under the U.S. federal income tax laws, such as stockholders subject to the alternative minimum tax, tax-exempt entities, non-resident alien individuals, foreign entities, foreign trusts and estates and beneficiaries thereof, stockholders who acquire shares as compensation for services (including holders of IDT restricted stock who did not make a Section 83(b) election), banks, insurance companies, other financial institutions, traders in securities that use mark-to-market accounting, and dealers in securities or commodities. In addition, this summary does not address any state, local or foreign tax consequences. This summary is based upon provisions of the Code, Treasury Regulations promulgated thereunder, pertinent judicial authorities, rulings of the Internal Revenue Service and such other relevant authorities, in effect on the date hereof. Those authorities may be changed, perhaps retroactively, so as to result in U.S. federal income tax consequences different from those summarized below.

This summary is limited to holders of shares of IDT common stock that are U.S. Holders, as defined immediately below. A U.S. Holder is a beneficial owner of IDT common stock that is, for U.S. federal income tax purposes:

- an individual who is a citizen or a resident of the United States;
- a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized under the laws of the United States or any state thereof or the District of Columbia;
- an estate, the income of which is subject to U.S. federal income taxation regardless of its source; or
- a trust, if (i) a court within the United States is able to exercise primary jurisdiction over its administration and one or more United States persons have the authority to control all of its substantial decisions or (ii) in the case of a trust that was treated as a domestic trust under the law in effect before 1997, a valid election is in place under applicable Treasury Regulations.

This summary does not address the U.S. federal income tax consequences to IDT stockholders who do not hold shares of IDT common stock as a capital asset. Moreover, this summary does not address any state, local or foreign tax consequences or any estate, gift or other non-income tax consequences.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds shares of IDT common stock, the tax treatment of a partner in that partnership will generally depend on the status of the partner and the activities of the partnership. Such a partner or partnership should consult its own tax advisor as to the tax consequences of the distribution.

**YOU SHOULD CONSULT YOUR OWN TAX ADVISOR WITH RESPECT TO THE U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE DISTRIBUTION.**

**THIS SUMMARY IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE TO ANY PARTICULAR INVESTOR**

IDT has received a private letter ruling from the IRS substantially to the effect that, for U.S. federal income tax purposes, the spin-off will qualify as tax-free under Section 355 of the Code. In addition to obtaining the IRS Ruling, IDT has received an opinion from PwC confirming the tax-free status of the spin-off for U.S. federal income tax purposes, including confirming the satisfaction of the requirements under Section 355 of the Code not specifically addressed in the IRS Ruling.

Although the IRS Ruling is generally binding on the IRS, it is based on certain facts and assumptions, and certain representations and undertakings, from us and IDT that certain conditions that are necessary to obtain tax-free treatment under the Code have been satisfied, and any inaccuracy in such representations could invalidate the ruling. Furthermore, the IRS did not rule on whether a distribution satisfies certain requirements discussed below necessary to obtain tax-free treatment under the Code.

The opinion that IDT received from PwC provides that the spin-off (i) should satisfy the business purpose requirement of the Code relating to spinoffs (ii) should not be viewed as being used principally as a device for the distribution of earnings and profits of the distributing corporation or the controlled corporation or both, and (iii) should not be viewed as part of a plan (or series of related transactions) pursuant to which one or more persons will acquire directly or indirectly stock representing a 50 percent or greater interest in the distributing corporation or controlled corporation within the meaning of the relevant section of the Code. The opinion is based on certain facts and assumptions, and certain representations and undertakings, from us and IDT. An opinion represents our advisor's best legal judgment and is not binding on the IRS or any court. The opinion has been issued to IDT, is intended solely for the use and benefit of IDT, and may not be relied on by any person other than IDT. We cannot assure you that the IRS will agree with the conclusions set forth in the opinion, and it is possible that the IRS or another tax authority could adopt a position contrary to one or all of those conclusions and that a court could sustain that contrary position. If any of the facts, representations, assumptions or undertakings described or made in connection with the ruling or the opinion are not correct, are incomplete or have been violated, the IRS Ruling could be revoked retroactively or modified by the IRS, and our and IDT's ability to rely on the opinion of counsel could be jeopardized. We are not aware of any facts or circumstances, however, that would cause these facts, representations or assumptions to be untrue or incomplete, or that would cause any of these undertakings to fail to be complied with, in any material respect.

As the distribution qualifies under Section 355 of the Code, for U.S. federal income tax purposes:

- no gain or loss will be recognized by IDT or us as a result of the distribution;
- no gain or loss will be recognized by, or be includible in the income of, a holder of IDT common stock, solely as a result of the receipt of our common stock in the distribution;
- the aggregate tax basis of the shares of IDT common stock and our common stock in the hands of IDT stockholders immediately after the distribution will be the same as the aggregate tax basis of the shares of IDT common stock held by the holder immediately before the distribution, allocated between the shares of IDT common stock and our common stock in proportion to their relative fair market values immediately following the distribution; and
- the holding period with respect to our common stock received by IDT stockholders will include the holding period of their shares of IDT common stock, provided that such shares of IDT common stock are held as a capital asset immediately following the distribution.

If, notwithstanding the conclusions included in the private letter ruling and expected to be included in the opinion, it is ultimately determined that the distribution does not qualify as tax-free for U.S. federal income tax purposes, then IDT would recognize gain in an amount equal to the excess of the fair market value of our common stock distributed to IDT stockholders over IDT's tax basis in such shares.

In addition, if the distribution were not to qualify as tax-free for U.S. federal income tax purposes, each IDT stockholder that is subject to U.S. federal income tax and who receives our common stock in the distribution could be treated as receiving a distribution in an amount equal to the fair market value of our common stock that was distributed to the stockholder, which generally would be taxed as a dividend to the extent of the stockholder's pro rata share of IDT's current and accumulated earnings and profits and then treated as a non-taxable return of capital to the extent of the stockholder's basis in the IDT stock and finally as capital gain from the sale or exchange of IDT stock.

Even if the distribution otherwise qualifies for tax-free treatment under Section 355 of the Code, it may result in corporate level taxable gain to IDT under Section 355(e) of the Code if 50% or more, by vote or value, of our stock or IDT's stock is acquired or issued as part of a plan or series of related transactions that includes the distribution. For this purpose, any acquisitions or issuances of IDT's stock within two years before the distribution, and any



acquisitions or issuances of our stock or IDT's stock within two years after the distribution are generally presumed to be part of such a plan, although we or IDT may be able to rebut that presumption. We are not aware of any acquisitions or issuances of IDT's stock within the two years before the distribution that would be considered to occur as part of a plan or series of related transactions that includes the distribution. If an acquisition or issuance of our stock or IDT's stock triggers the application of Section 355(e) of the Code, IDT would recognize taxable gain as described above and such gain would be subject to U.S. federal income tax.

A merger, recapitalization or acquisition, or issuance or redemption of our common stock after the spin-off, in some circumstances, could be counted toward the 50% change of ownership threshold. As a result, we may be unable to engage in strategic or capital raising transactions that stockholders might consider favorable, or to structure potential transactions in the manner most favorable to us.

If you are a "significant distributee" with respect to the spin-off, you are required to attach a statement to your federal income tax return for the year in which the spin-off occurs setting forth our name and IRS employer identification number, IDT's name and IRS employer identification number, the date of the spin-off, and the fair market value of the shares of our common stock that you receive in the spin-off. Upon request, IDT will provide the information necessary to comply with this reporting requirement to each stockholder of record as of the record date. You are a "significant distributee" with respect to the spin-off if you own at least 5% of the outstanding shares of IDT common stock immediately before the spin-off. You should consult your own tax advisor concerning the application of this reporting requirement in light of your particular circumstances.

### Certain State Income Tax Matters

The above discussion does not address any tax consequences of the spin-off other than the material U.S. federal income tax consequences set forth above. IDT stockholders are encouraged to consult their tax advisor concerning all possible state income tax consequences of the spin-off.

### Listing and Trading of Our Class B Common Stock

There is currently no public market for our common stock. Our Class B common stock has been approved for listing on the NYSE under the symbol "GNE", subject to our being in compliance with applicable NYSE listing standards, including as to minimum bid price during the when-issued trading period, and we expect to satisfy all the requirements for that continued listing.

Trading of our Class B common stock commenced on a when-issued basis on October 26, 2011. When-issued trading refers to a sale or purchase made conditionally because the security has been authorized but not yet issued. On October 31, 2011, the first trading day following the distribution date, when-issued trading with respect to our Class B common stock will end and regular way trading will begin. Regular way trading refers to trading after a security has been issued and typically involves a transaction that settles on the third full business day following the date of the transaction.

We cannot predict what the trading price for our Class B common stock will be before or after the distribution date. We also cannot predict any change that may occur in the trading price of IDT Class B common stock as a result of the spin-off. Until our Class B common stock is fully distributed and an orderly market develops, the prices at which it trades may fluctuate significantly and may be lower or higher than the price that would be expected for a fully distributed issue. See "Risk Factors--Risk Factors Generally Relating to Us and Our Common Stock."

The shares of our Class B common stock distributed to IDT stockholders will be freely transferable except for shares received by persons who may be deemed to be our "affiliates" under the Securities Act of 1933, as amended (the "Securities Act"). Persons that may be considered affiliates of us after the spin-off generally include individuals or entities that control, are controlled by or are under common control with us. This may include some or all of our officers and directors as well as our principal stockholders. Persons that are our affiliates will be permitted to sell their shares only pursuant to an effective registration statement under the Securities Act or an exemption from the registration requirements of the Securities Act, such as the exemptions afforded by Section 4(1) of the Securities Act or Rule 144 thereunder.

Following the spin-off, the number of shares of each of our Class A common stock and Class B common stock, other than Class B common stock that will be freely transferable, that could be sold pursuant to Securities Act Rule 144 or that we have agreed to register under the Securities Act for sale by resale is 1,574,326 and 4,426,451, respectively.

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

### Spin-off Conditions and Termination

We expect that the spin-off will be effective on the distribution date, provided that:

§ Our registration statement on Form 10, of which this Information Statement is a part, and which became effective under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), October 25, 2011, shall not be the subject of a stop order relating to the registration statement that is in effect; and

§ No action, proceeding or investigation shall have been instituted or threatened before any court or administrative body to restrain, enjoin or otherwise prevent the consummation of the spin-off, and no restraining order or injunction issued by any court of competent jurisdiction shall be in effect restraining the consummation of the spin-off.

The fulfillment of the foregoing conditions will not create any obligation on IDT's part to affect the spin-off, and the Board of Directors of IDT has reserved the right to amend, modify or abandon the spin-off and the related transactions at any time prior to the distribution date. The Board of Directors of IDT may also waive any of these conditions.

In addition, IDT has the right not to complete the spin-off and related transactions if, at any time, IDT's Board of Directors determines, in its sole discretion, that the distribution is not in the best interests of IDT and its stockholders or that business conditions are such that it is not advisable to spin-off our businesses.

#### Reason for Furnishing this Information Statement

This Information Statement is being furnished by IDT solely to provide information to IDT stockholders who will receive shares of our common stock in the spin-off. It is not and is not to be construed as an inducement or encouragement to buy or sell any securities. We believe that the information contained in this Information Statement is accurate as of the date set forth on the cover. Changes may occur after that date and neither we nor IDT undertakes any obligation to update the information except in the normal course of our respective public disclosure obligations.

## DIVIDEND POLICY

Genie was formed in January 2011 and has never paid cash dividends. Genie does not anticipate paying dividends on its common stock in the foreseeable future. Genie's current intent is to retain earnings, if any, to finance the working capital needs and potential expansion of Genie's ESCO business, as well as the development of Genie's unconventional energy businesses. The payment of dividends in the future will be at the sole discretion of Genie's Board of Directors and will depend on, among other things, Genie's results of operations, financial condition, capital expenditures and other cash obligations.

## UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL DATA

The unaudited pro forma consolidated financial data reported below consists of an unaudited pro forma consolidated balance sheet as of July 31, 2011 and unaudited pro forma consolidated statement of operations for the year then ended. The unaudited pro forma consolidated financial data reported below should be read in conjunction with our "Management's Discussion and Analysis of Financial Condition and Results of Operations," our audited consolidated financial statements as of July 31, 2011 and 2010 and for each of the fiscal years in the three year period ended July 31, 2011 and the notes thereto, all of which are included elsewhere in this Information Statement. Our unaudited pro forma consolidated financial data was prepared on the same basis as our audited consolidated financial statements and, in the opinion of management, include all adjustments, consisting only of normal recurring adjustments, necessary to present fairly our financial position and results of operations for these periods.

The pro forma balance sheet adjustments assume that our spin-off from IDT occurred as of July 31, 2011. The pro forma adjustments to the unaudited consolidated statement of operations for the year ended July 31, 2011 assume that the spin-off occurred as of August 1, 2010.

The following unaudited pro forma consolidated financial statements reflect IDT's transfer to us of all of its assets and liabilities related to Genie, the contribution by IDT prior to the spin-off to Genie of an amount of cash so that Genie held \$106 million in cash and the distribution by IDT to its stockholders of approximately 1.6 million shares of our Class A common stock and approximately 21.1 million shares of our Class B common stock. In the distribution each IDT stockholder will receive one share of Genie Class A common stock for every share of IDT Class A common stock and one share of Genie Class B common stock for every share of IDT Class B common stock held on the record date for the spin-off.

The unaudited pro forma financial statements assume that the charges for the services provided by IDT to us and by us to IDT will be similar to those currently being charged via inter-company billings between us and IDT. Accordingly, the pro forma financial statements assume that future service agreements will not result in a significantly different impact on our results of operations as compared to periods preceding the spin-off.

In addition, the service agreements between IDT and us include additional services to be provided, on an interim basis, as a separate publicly-traded company. Such services include assistance with internal audit, our periodic reports required to be filed with the Securities and Exchange Commission, or SEC, as well as maintaining our minutes, books and records of meetings of the Board of Directors and its committees. Charges for these additional services were not included in our historical consolidated financial statements or in our pro forma adjustments since they were not applicable for periods that we were not a separate public company. We estimate that the additional costs (including for services to be provided by IDT and others) related to being a publicly-traded company and being separated from IDT, will be between \$3.5 million and \$5.0 million annually. Several of the costs included in this estimated range are preliminary, subject to negotiation, and may vary from our assumptions when finalized.

The unaudited pro forma consolidated balance sheet and unaudited statement of operations included in this Information Statement have been derived from our audited consolidated financial statements included elsewhere in this Information Statement and do not purport to represent what our financial position and results of operations or cash flows actually would have been had the spin-off occurred on the date indicated, or to project our financial performance for any future period.

GENIE ENERGY LTD.  
PROFORMA CONSOLIDATED BALANCE SHEET  
AS OF JULY 31, 2011  
(in thousands, except shares)  
(unaudited)

	Historical	Pro Forma Adjustments	Pro Forma
<b>Assets</b>			
<b>Current assets:</b>			
Cash and cash equivalents	\$ 23,876	\$ 82,124(A)	\$ 106,000
Restricted cash	164		164
Trade accounts receivable, net	26,124		26,124
Due from IDT Corporation	4,266	\$ (4,266)(A)	—
Inventory	2,756		2,756
Prepaid expenses	2,157		2,157
Deferred income tax assets—current portion	1,019		1,019
Other current assets	245		245
<b>Total current assets</b>	<b>60,607</b>		<b>138,465</b>
Property and equipment, net	335		335
Goodwill	3,663		3,663
Deferred income tax assets—long-term portion	1,795		1,795
Other assets	1,006		1,006
<b>Total assets</b>	<b>\$ 67,406</b>		<b>\$ 145,264</b>
<b>Liabilities and equity</b>			
<b>Current liabilities:</b>			
Trade accounts payable	\$ 16,537		\$ 16,537
Accrued expenses	7,474		7,474
Income taxes payable	1,663		1,663
Other current liabilities	91		91
<b>Total current liabilities</b>	<b>25,765</b>		<b>25,765</b>
Other liabilities	60		60
<b>Total liabilities</b>	<b>25,825</b>		<b>25,825</b>
<b>Equity:</b>			
Preferred stock, \$.01 par value; authorized shares—10,000,000; no shares issued		—	—
Class A common stock, \$.01 par value; authorized shares—35,000,000; 1,574,326 shares issued and outstanding	16	—	16
Class B common stock, \$.01 par value; authorized shares—200,000,000; 21,108,970 shares issued and outstanding	211	—	211
Additional paid-in capital	11,577	77,858(A)	89,435
Accumulated other comprehensive income	357		357
Retained earnings	35,225		35,225
<b>Total Genie Energy Ltd. stockholders' equity</b>	<b>47,386</b>		<b>125,244</b>
<b>Noncontrolling interests:</b>			
Noncontrolling interests	(4,805)		(4,805)
Receivable for issuance of equity	(1,000)		(1,000)
<b>Total noncontrolling interests</b>	<b>(5,805)</b>		<b>(5,805)</b>

Total equity	41,581	119,439
Total liabilities and equity	\$ 67,406	\$ 145,264

GENIE ENERGY LTD.  
PROFORMA CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED JULY 31, 2011  
(in thousands, except per share data)  
(unaudited)

	Historical	Pro Forma Adjustments	Pro Forma
Revenues	\$ 203,561		\$ 203,561
Costs and expenses:			
Direct cost of revenues (exclusive of depreciation)	149,714		149,714
Selling, general and administrative	33,768		33,768
Research and development	7,843		7,843
Depreciation	24		24
Total costs and expenses	191,349		191,349
Equity in the net loss of AMSO, LLC	(5,238)		(5,238)
Income from operations	6,974		6,974
Interest expense and financing fees, net	(1,974)		(1,974)
Other expense, net	(610)		(610)
Income before income taxes	4,390		4,390
Provision for income taxes	(6,945)	(B)	(6,945)
Net loss	(2,555)		(2,555)
Net loss attributable to noncontrolling interests	4,185		4,185
Net income attributable to Genie Energy Ltd.	\$ 1,630		\$ 1,630
Earnings per share:			
Basic	\$ 0.08		\$ 0.08
Diluted	\$ 0.07		\$ 0.07
Weighted average number of shares used in calculating earnings per share			
Basic	20,365	(C)	20,365
Diluted	22,683	(C)	22,683



GENIE ENERGY LTD.  
 NOTES AND MANAGEMENT'S ASSUMPTIONS  
 TO THE PROFORMA CONSOLIDATED FINANCIAL STATEMENTS  
 (Unaudited)

The following is a description of the pro forma adjustments to the consolidated financial statements:

- (A) Reflected as if IDT made a total of a \$82.1 million cash contribution to us on July 31, 2011. In connection with the planned spin-off, we expect that IDT will repay the amount due from IDT and will transfer cash to us prior to the spin-off such that we will have approximately \$106 million at the time of the spin-off.
- (B) Our historical financial statements include provisions for federal, state and foreign income taxes on a separate tax return basis for all periods presented. Accordingly, no provision for income taxes is provided as a pro forma adjustment.
- (C) Basic earnings per share excluded 2.3 million shares of Class B common stock which were restricted (non-vested).

SELECTED FINANCIAL DATA

The selected consolidated financial data presented below for the each of the fiscal years in the four-year period ended July 31, 2011 has been derived from our Consolidated Financial Statements, which have been audited by Zwick and Banyai, PLLC independent registered public accounting firm. The selected consolidated financial data presented below for fiscal year ended July 31, 2007, is unaudited. The selected consolidated financial data should be read in conjunction with the Consolidated Financial Statements and the Notes thereto and other financial information appearing elsewhere in this Information Statement.

(in thousands)	Fiscal Year Ended July 31,				
	2011	2010	2009	2008	2007
<b>CONSOLIDATED STATEMENT OF OPERATIONS DATA:</b>					
Revenues	\$ 203,561	\$ 201,358	\$ 264,709	\$ 248,890	\$ 190,751
Net (loss) income	(2,555)	14,081	22,728	(681)	6,233
(in thousands)	July 31,	July 31,	July 31,	July 31,	July 31,
	2011	2010	2009	2008	2007
<b>CONSOLIDATED BALANCE SHEET DATA:</b>					
Total assets	\$ 67,406	\$ 56,998	\$ 50,932	\$ 73,360	\$ 40,341

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
 FINANCIAL CONDITION AND RESULTS OF OPERATIONS

We are currently a subsidiary of IDT. We own 99.3% of our subsidiary, GEIC, which owns 100% of IDT Energy and 92% of GOGI. Following the spin-off, our principal businesses, which are currently part of IDT, will consist of:

- IDT Energy, which operates our energy services company, or ESCO, that resells electricity and natural gas to residential and small business customers in New York,

New Jersey and Pennsylvania; and

Genie Oil and Gas, which consists of (1) AMSO, which holds and manages a 50% interest in AMSO, LLC, our oil shale initiative in Colorado, and (2) an 89% interest in IEI, our oil shale initiative in Israel.

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

The minority holders of GEIC include an anticipated member of our board of directors and an entity associated with another individual who was instrumental during the early stages of the development of our oil shale projects. In addition to the 0.7% interest, held by those individuals, Mr. Courter, who serves as the Vice Chairman of our Board of Directors, has an option to exchange 225,130 shares of IDT Class B common stock for shares representing 1% of the outstanding shares as of October 21, 2009 of the common stock of GEIC. Minority holders of GOGI include investors in that business unit affiliated with Michael Steinhardt, Lord Jacob Rothschild and Rupert Murdoch. In addition to the common stock owned, investors affiliated with Mr. Steinhardt and Lord Rothschild hold options and warrants, respectively, to purchase additional equity interests in GOGI at determined valuations. The equity interests in IEI not owned by Genie are held by key employees of that business.

Additionally, equity interests in Genie and certain of its operating subsidiaries will likely be issued to management, employees and other key personnel as more fully described under "Executive Compensation" below.

In the spin-off, holders of options to purchase IDT Class B common stock will receive options to purchase shares of Genie Class B common stock. As of October 25, 2011, there were outstanding options to purchase approximately 478,000 shares of IDT Class B common stock, with various exercise prices and expiration dates. The exercise prices of all of such options were above the market price for IDT's Class B common stock on such date.

#### IDT Energy

IDT Energy resells electricity and natural gas to residential and small business customers in New York, New Jersey and Pennsylvania. IDT Energy began adding customers in select utility territories in New Jersey and Pennsylvania in the third quarter of fiscal 2010. IDT Energy's revenues represented 100% of our consolidated revenues in fiscal years 2011, 2010 and 2009.

IDT Energy's direct cost of revenues consists primarily of gas and electricity purchased for resale. As of June 29, 2009, IDT Energy entered into a Preferred Supplier Agreement with BP pursuant to which BP is IDT Energy's preferred provider of electricity and natural gas. The agreement allows for purchases of electricity and natural gas for customers in areas where the utilities have purchase of receivable, or POR, programs, and includes a one-time inclusion of existing IDT Energy customers not covered by a POR program. IDT Energy purchases electricity and natural gas from BP and pays an additional financing fee based on volumetric loads in accordance with the agreement. IDT Energy makes a monthly payment for its purchases and the related fees, and any outstanding, unpaid amounts accrue interest until paid. IDT Energy's obligations to BP are secured by a first security interest in deposits or receivables from utilities in connection with their purchase of customer receivables under the applicable POR program, and in any cash deposits or letters of credit posted in connection with any collateral accounts with BP. The term of the agreement is through June 30, 2014, with an automatic renewal for an additional year unless either party provides written notice to the other party at least six months prior to June 30, 2014 that it will not renew the agreement. IDT Energy's ability to purchase electricity and natural gas under this agreement is subject to satisfaction of certain conditions including the maintenance of certain covenants.

Prior to entering into the Preferred Supplier Agreement with BP, IDT Energy purchased natural gas from wholesale suppliers and various utility companies, and purchased electricity through the wholesale markets administered by the NYISO.

IDT Energy does not own electrical power generation, transmission, or distribution facilities, or natural gas production, pipeline or distribution facilities. Instead, IDT Energy has contracts with various pipeline and distribution companies for natural gas pipeline, storage and transportation services, and utilizes the NYISO and PJM for electric transmission and distribution. Our direct cost of revenues includes scheduling costs, independent system operator (ISO) fees, pipeline costs and utility service charges for the purchase of these services.

IDT Energy utilizes forward physical delivery contracts for a portion of its purchases of electricity and natural gas, which are recorded in direct cost of revenues when the related electricity or natural gas is received from suppliers. In addition, IDT Energy enters into put and call options as hedges against unfavorable fluctuations in market prices of electricity and natural gas. The forward contracts and put and call options are recorded at fair value as a current asset or liability and any changes in fair value are recorded in direct cost of revenues. The impact of these contracts and options on direct cost of revenues is relatively small as compared to IDT Energy's purchases of gas and electricity for resale.

The NYISO and PJM perform real-time load balancing for each of the electrical power grids in which we operate. Similarly, load balancing is performed by the utility or the local distribution company, or LDC, for each of the natural gas markets in which we operate. Load balancing ensures that the amount of electricity and natural gas that we purchase is equal to the amount necessary to service our customers' demands at any specific point in time. We are charged or credited for balancing the electricity and natural gas purchased and sold for our account by our suppliers and the LDCs. We manage the differences between the actual electricity and natural gas demands of our customers and our bulk or block purchases by buying and selling any shortfall or excess in the spot market, and through monthly cash settlements and/or adjustments to future deliveries in accordance with the load balancing performed by utilities, LDCs, NYISO and PJM.

The electricity and natural gas we sell is generally metered and delivered to our customers by the local utilities. The local utilities also provide billing and collection services for most of our customers on our behalf. The positive difference between the sales price of electricity and natural gas sold to our customers and the sum of the cost of our electricity and natural gas supplies, transmission and ancillary services provides us with a gross profit margin.

Volatility in the electricity and natural gas markets can have an adverse impact on our costs for the purchase of the electricity and natural gas that IDT Energy sells to its customers. We may not always choose to pass along increases in costs to our customers to protect overall customer satisfaction. This would have an adverse impact on our gross margins and results of operations. Alternatively, volatility in IDT Energy's rates charged to customers related to the cost of the underlying electricity and natural gas can lead to increased customer churn.

IDT Energy's selling expenses consist primarily of sales commissions paid to independent agents and marketing costs, which are the primary costs associated with the acquisition of customers. General and administrative expenses include compensation, benefits, utility fees for billing and collection, professional fees, rent and other administrative costs.

#### Concentration of Customers and Associated Credit Risk

IDT Energy reduces its credit risk by its participation in purchase of receivable programs for a significant portion of its receivables. Utility companies provide billing and collection services, purchase IDT Energy's receivables and assume all credit risk without recourse to IDT Energy. IDT Energy's primary credit risk is therefore nonpayment by the utility companies. Certain of the utility companies represent significant portions of our consolidated revenues and consolidated gross trade accounts receivable balance and such concentrations increase our risk associated with nonpayment by those utility companies. We monitor the timely collections from our significant utility companies and may take further steps as necessary in an effort to reduce our credit risk.

In New Jersey, customers who are delinquent in paying their invoices are switched to a dual bill arrangement whereby IDT Energy is responsible to bill and collect the commodity portion of the customers' invoices. Once IDT Energy invoices these customers under a dual bill arrangement, IDT Energy assumes the credit risk associated with that portion of its receivables. Generally, IDT Energy cancels service to these customers before the credit risk becomes significant.

The following table summarizes the percentage of consolidated revenues from utility companies that equal or exceed 10% of consolidated revenues in the fiscal year (no other single customer accounted for more than 10% of consolidated revenues in fiscal 2011, fiscal 2010 and fiscal 2009):

	Fiscal Year Ended July 31,		
	2011	2010	2009
Con Edison	46.7%	50.3%	53.6%
National Grid USA	16.5%	21.4%	20.4%
National Grid dba Keyspan	10.3%	12.4%	13.9%

The following table summarizes the percentage of consolidated gross trade accounts receivable by utility company that equal or exceed 10% of consolidated gross trade accounts receivable at July 31, 2011 and July 31, 2010:

	July 31, 2011	July 31, 2010
Con Edison	63.3%	74.4%
National Grid USA	12.0%	14.8%

#### Seasonality and Weather

IDT Energy's revenues are impacted by, among other things, the weather and the seasons. Weather conditions have a significant impact on the demand for natural gas for heating and electricity for air conditioning. Typically, colder winters and hotter summers create higher demand and consumption for natural gas and electricity, respectively. Milder winters and/or summers may reduce the demand for natural gas and electricity, respectively. Natural gas revenues typically increase in the second and third fiscal quarters due to increased heating demands and electricity revenues typically increase in the fourth and first fiscal quarters due to increased air conditioning use. Approximately 80% and 81% of IDT Energy's natural gas revenues were generated in the second and third quarters of fiscal 2011 and fiscal 2010, respectively, when demand for heating is highest. Although the demand for electricity is not as seasonal as natural gas, approximately 57% and 56% of IDT Energy's electricity revenues were generated in the first and fourth quarters of fiscal 2011 and fiscal 2010, respectively.

#### Investment in American Shale Oil, LLC

AMSO, LLC is one of three holders of leases awarded by the BLM to research, develop and demonstrate in-situ technologies for potential commercial shale oil production in western Colorado. The RD&D Lease awarded to AMSO, LLC by the BLM covers an area of 160 acres. The lease runs for a ten year period beginning on January 1, 2007, and is subject to an extension of up to five years if AMSO, LLC can demonstrate that a process leading to the production of commercial quantities of shale oil is diligently being pursued. If AMSO, LLC can demonstrate the economic and environmental viability of its technology, it will have the opportunity to submit a one-time payment equivalent to the fair market value of the commercial lease as defined in the Oil Shale Management Rules and Regulations and convert its RD&D Lease to a commercial lease on 5,120 acres which overlap and are contiguous with the 160 acres in its RD&D Lease. However, we are unable to quantify the amount of the one-time payment because the fair market value cannot be established at this time.

In April 2008, AMSO, a wholly owned subsidiary of GOGI, acquired a 75% equity interest in AMSO, LLC in exchange for cash of \$2.5 million and certain commitments for future funding of AMSO, LLC's operations. In a separate transaction in April 2008, IDT acquired an additional 14.9% equity interest in AMSO, LLC in exchange for cash of \$3.0 million. Following this transaction, IDT owned 89.9% of the equity interests in AMSO, LLC, 75% through AMSO and 14.9% directly.

In March 2009, a subsidiary of TOTAL S.A., the world's fifth largest integrated oil and gas company, acquired a 50% interest in AMSO, LLC in exchange for cash paid to us of \$3.2 million and Total's commitment to fund the majority of AMSO, LLC's research, development and demonstration expenditures as well as certain other funding commitments. Immediately prior to this transaction, all owners (including IDT's 14.9% direct equity interest) other than AMSO exchanged their ownership interest for a proportionate share of a 1% override on AMSO, LLC's future revenue. IDT assigned the cash proceeds of its override interest to the IDT U.S. Oil Shale Charitable Distribution Trust, subject to certain remainder interests retained by Genie. Following the transaction with Total, AMSO and Total each owned a 50% interest in AMSO, LLC. While AMSO is the operator of the project during the RD&D phase, Total will provide a majority of the funding during the RD&D phase, and technical and financial assistance throughout the RD&D and commercial stages. Total will lead the planning of the commercial development and will assume management responsibilities during the subsequent commercial phase.

We consolidated AMSO, LLC prior to the closing of the transaction with Total. Beginning with the closing, we account for our 50% ownership interest in AMSO, LLC using the equity method since we have the ability to exercise significant influence over its operating and financial matters, although we no longer control AMSO, LLC. AMSO, LLC is a variable interest entity, however, we have determined that we are not the primary beneficiary.

Pursuant to the AMSO, LLC Second Amended and Restated Limited Liability Company Agreement as of March 2, 2009 (or the LLC Agreement), AMSO and Total agreed to fund AMSO, LLC as follows: (1) AMSO shall fund 20% and Total shall fund 80% of the initial \$50 million of expenditures, (2) AMSO shall fund 35% and Total shall fund 65% of the expenditures above the initial \$50 million up to \$100 million in aggregate expenditures, (3) AMSO shall fund 50% and Total shall fund 50% of the expenditures above \$100 million in aggregate expenditures, and (4) AMSO shall fund 40% and Total shall fund 60% of the costs of the one-time payment on conversion of the lease described above. Also pursuant to the LLC Agreement, AMSO, LLC's net loss or net income will first be allocated to the members disproportionately in order to equalize their capital accounts, and then the allocation will be in accordance with their 50% ownership interests. Accordingly, AMSO has been allocated 20% of the net loss of AMSO, LLC in all periods presented, which is included in "Equity in the net loss of AMSO, LLC" in the accompanying consolidated statements of operations.

In accordance with the agreement between the parties, AMSO has committed to a total investment of \$10.0 million in AMSO, LLC, subject to certain exceptions including those described below where the amount could be greater or lesser.

Total may terminate its obligations to make additional capital contributions and withdraw as a member of AMSO, LLC. If Total withdraws as a member of AMSO, LLC, AMSO may also terminate its obligations to make capital contributions and withdraw as a member of AMSO, LLC.

Although, subject to certain exceptions, AMSO and Total are not obligated to make additional contributions beyond their respective shares (which for AMSO is \$10.0 million), they could dilute or forfeit their ownership interests in AMSO, LLC if they fail to contribute their respective shares for additional funding.

Total can increase AMSO's initial required funding commitment of \$10.0 million up to an additional \$8.75 million if Total wishes to continue to fund the pilot test up to an agreed upon commitment level.

At July 31, 2011, our maximum exposure to loss as a result of our required investment in AMSO, LLC was \$1.6 million. Our maximum exposure to loss will increase as AMSO's commitment to fund AMSO, LLC increases. The maximum exposure at July 31, 2011 was determined as follows:

(in millions)

AMSO's total committed investment in AMSO, LLC	\$	10.0
Less: cumulative capital contributions to AMSO, LLC		(7.8)
Less: liability for equity loss in AMSO, LLC at July 31, 2011		(0.6)
Maximum exposure to loss	\$	1.6

In August 2011, AMSO made an additional capital contribution to AMSO, LLC of \$1.4 million and Total has contributed \$33.5 million to AMSO, LLC from inception through September 30, 2011.

AMSO's total committed investment in AMSO, LLC and its maximum exposure to loss is subject to certain exceptions where the amounts could be greater. One exception is the additional funding that may be necessary to fund the pilot test as described above. The other significant exception is additional capital contributions that may be required to fund unexpected liabilities, in the event they occur, outside the purview of the traditional research, development and demonstration operations incorporated in AMSO, LLC's budgeting and planning. However, any additional capital contributions for such liabilities would have to be authorized by both AMSO and Total.

Israel Energy Initiatives, Ltd.

In March 2008, GEIC indirectly formed IEI which holds an exclusive Shale Oil Exploration and Production License awarded in July 2008 by the Israeli Ministry of National Infrastructures. The license covers approximately 238 square kilometers in the south of the Shfela region in Israel, and grants IEI an exclusive right to demonstrate in-situ technologies for potential commercial shale oil production. Under the terms of the license, IEI is to conduct a geological appraisal study across the license area, characterize the resource and select a location for a pilot plant in which it will demonstrate its in-situ technology.

IEI began its resource appraisal study in the third quarter of calendar 2009, and it is expected that the field operations of this phase will be finalized in the calendar 2011. The resource appraisal is comprised primarily of a drilling operation conducted in the license area. The resource appraisal plan includes drilling and coring several wells to depths of approximately 600 meters as well as well logging, analysis of core materials and other geochemical tests, water monitoring and hydrology tests, as well as laboratory analyses of samples and other laboratory experiments. To

date, the results from the appraisal process, both from field tests and laboratory experiments, confirm IEI's expectations as to the attractiveness of the oil shale resource in the license area from the standpoint of richness, thickness and hydrology. IEI is continuing permitting and other preparatory work required prior to construction of a pilot plant and operation of a pilot test. The pilot test will provide a basis for determining the technical, environmental and economic viability of IEI's proposed process for extracting oil from the oil shale resource. Pilot plant design has begun, and if not delayed by permitting, regulatory action or pending litigation, pilot test drilling and construction is scheduled to begin in calendar 2012. Pilot test operations could begin as early as calendar 2013. Pilot test operations are contingent on receipt of an extension to the current license which expires in July 2012. The initial term of the license was for three years until July 2011. The license was extended for an additional year until July 2012, and it may be further extended in one year increments until July 2015.

Assuming IEI receives an extension to its current license, the pending lawsuit filed in August 2010 by the Israel Union for Environmental Defense is favorably resolved, and IEI successfully demonstrates a commercially viable and environmentally acceptable technology, IEI intends to apply for a long-term commercial lease from the Israeli government to build and operate a commercial project. Under the Israeli petroleum law, long-term leases are typically for a term of 30 years, with a possible extension for an additional 20 years.

Construction may be delayed or even suspended if IEI loses its license as a result of the legal proceeding filed by the Israel Union for Environmental Defense as discussed more fully in Legal Proceedings elsewhere in this Information Statement.



In March 2011, the Israeli Parliament passed a new bill materially increasing the overall taxes, royalties and other fees due to the Israeli government from revenues derived by oil and natural gas producers. The Israeli Income Tax Ordinance was revised accordingly and the amount payable to the government from revenues derived by oil and natural gas producers increased from a maximum of 32% to 52%. This tax will only be imposed once a project has passed certain milestones set forth in the ordinance (when the profits derived from a certain field have reached 150% of the original investment in that field).

## CRITICAL ACCOUNTING POLICIES

Our financial statements and accompanying notes are prepared in accordance with accounting principles generally accepted in the United States of America, or U.S. GAAP. The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenue and expenses as well as the disclosure of contingent assets and liabilities. Critical accounting policies are those that require application of management's most subjective or complex judgments, often as a result of matters that are inherently uncertain and may change in subsequent periods. Our critical accounting policies include those related to the allowance for doubtful accounts, goodwill and income taxes. Management bases its estimates and judgments on historical experience and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. See Note 1 to the Consolidated Financial Statements in this Information Statement for a complete discussion of our significant accounting policies.

### Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated losses that result from the inability or unwillingness of our customers to make required payments. Our allowance is determined based on known troubled accounts, historical experience and other currently available evidence. Our estimates of recoverability of customer accounts may change due to new developments, changes in assumptions or changes in our strategy, which may impact our allowance for doubtful accounts balance. We continually assess the likelihood of potential amounts or ranges of recoverability and adjust our allowance accordingly, however, actual collections and write-offs of trade accounts receivables may materially differ from our estimates.

### Goodwill

Our goodwill balance of \$3.7 million at July 31, 2011 and 2010 is allocated to our IDT Energy segment. IDT Energy is the reporting unit for our goodwill impairment test. Goodwill is not amortized since it is deemed to have an indefinite life. It is reviewed annually (or more frequently under various conditions) for impairment using a fair value approach. The goodwill impairment assessment involves estimating the fair value of the reporting unit and comparing it to its carrying amount, which is known as Step 1. If the carrying value of the reporting unit exceeds its estimated fair value, Step 2 is performed to determine if an impairment of goodwill is required. We estimate the fair value of our reporting unit using discounted cash flow methodologies, as well as considering third party market value indicators. Goodwill impairment is measured by the excess of the carrying amount of the reporting unit's goodwill over its implied fair value. IDT Energy's estimated fair value substantially exceeded its carrying value in Step 1 of our annual impairment tests for fiscal 2011, fiscal 2010 and fiscal 2009, therefore it was not necessary to perform Step 2 for these tests. In addition, we do not believe IDT Energy is currently at risk of failing Step 1. Calculating the fair value of the reporting unit, and allocating the estimated fair value to all of the tangible assets, intangible assets and liabilities, requires significant estimates and assumptions by management. Should our estimates or assumptions regarding the fair value of our reporting unit prove to be incorrect, we may be required to record impairments to our goodwill in future periods and such impairments could be material.

### Income Taxes

Our current and deferred income taxes are impacted by events and transactions arising in the normal course of business as well as in connection with special and non-routine items. Assessment of the appropriate amount and classification of income taxes is dependent on several factors, including estimates of the timing and realization of deferred income tax assets, the results of Internal Revenue Service audits of our federal income tax returns, and changes in tax laws or regulations. We use a two-step approach for recognizing and measuring tax benefits taken or expected to be taken in a tax return. We determine whether it is more-likely-than-not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, we presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. Tax positions that meet the more-likely-than-not recognition threshold are measured to determine the amount of tax benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50 percent likely of being realized upon ultimate settlement. Differences between tax positions taken in a tax return and amounts recognized in the financial statements will generally result in one or more of the following: an increase in a liability for income taxes payable, a reduction of an income tax refund receivable, a reduction in a deferred tax asset, or an increase in a deferred tax liability. We review and adjust our liability for unrecognized tax benefits based on our best estimate and judgment given the facts, circumstances and information available at each reporting date. To the extent that the final outcome of these tax positions is different than the amounts recorded, such differences may impact income tax expense and actual tax payments.

## RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET ADOPTED

In May 2011, an accounting standard update to achieve common fair value measurement and disclosure requirements in U.S. GAAP and International Financial Reporting Standards, or IFRS, was issued. The amendments in this update (1) clarify the application of certain existing fair value measurement and disclosure requirements and (2) change certain principles or requirements for measuring fair value or disclosing information about fair value measurements. We are required to adopt this standard update on February 1, 2012. We are evaluating the impact that this standard update will have on our consolidated financial statements.

In June 2011, an accounting standard update was issued to increase the prominence of items reported in other comprehensive income and to facilitate convergence of U.S. GAAP and IFRS. As a result of this standard update, the option to present components of other comprehensive income as part of the statement of changes in stockholders' equity was eliminated, among other changes contained in this update. The update requires comprehensive income to be presented either in a single financial statement or in two separate but consecutive statements. We adopted this update in these financial statements and accordingly, presented comprehensive income in two separate consecutive statements.

In September 2011, an accounting standard update to simplify how an entity tests goodwill for impairment was issued. The amendments in the update will allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity will no longer be required to calculate the fair value of a reporting unit (Step 1) unless the entity determines, based on a qualitative assessment, that it is more likely than not that the fair value of the reporting unit is less than its carrying amount. We are required to adopt this standard update on August 1, 2012. The adoption of this standard update will not impact our financial position, results of operations or cash flows.

In January 2010, the Financial Accounting Standards Board amended the accounting standard relating to extractive activities-oil and gas to align its oil and gas reserve estimation and disclosure requirements with the requirements of the SEC's final rule, Modernization of the Oil and Gas Reporting Requirements, that was issued on December 31, 2008. The amendments are designed to modernize and update the oil and gas disclosure requirements and related definitions to align them with current practices and changes in technology. One of the provisions of the amendments is the expansion of the definition of oil- and gas-producing activities to include the extraction of saleable hydrocarbons, in the solid, liquid or gaseous state, from oil sands, shale, coalbeds, or other nonrenewable natural resources that are intended to be upgraded into synthetic oil or gas, and activities undertaken with a view to such extraction. AMSO, LLC and IEI are currently performing research and development activities. Their activities will meet the new definition of oil- and gas-producing activities if and when either of them begins extraction or production of saleable hydrocarbons from oil shale. If and when this occurs, AMSO, LLC or IEI will comply with the amended disclosure requirements, as well as begin to account for their activities using one of the two accounting methods for oil and gas production under U.S. GAAP, namely full-cost or successful-efforts.

## RESULTS OF OPERATIONS

Genie was incorporated in January 2011 in the state of Delaware. The consolidated financial statements include the assets, liabilities, results of operations and cash flows of the entities to be included in the spin-off, and are reflected as if Genie existed and owned these entities in all periods presented, or from the date an entity was acquired, if later.

We evaluate the performance of our operating business segments based primarily on income (loss) from operations. Accordingly, the income and expense line items below income (loss) from operations are only included in our discussion of the consolidated results of operations.

Year Ended July 31, 2011 Compared to Year Ended July 31, 2010

## IDT Energy Segment

(in millions)			Change	
Year ended July 31,	2011	2010	\$	%
Revenues	\$ 203.6	\$ 201.4	\$ 2.2	1.1%
Direct cost of revenues	149.7	143.6	6.1	4.3
Selling, general and administrative	31.4	19.9	11.5	57.4
Depreciation	—	0.1	(0.1)	(100.0)
Income from operations	\$ 22.5	\$ 37.8	\$ (15.3)	(40.6)%

Revenues. IDT Energy resells electricity and natural gas to residential and small business customers in New York, New Jersey and Pennsylvania. IDT Energy began adding customers in select utility territories in New Jersey and Pennsylvania in the third quarter of fiscal 2010. IDT Energy's revenues consisted of electricity sales of \$137.8 million in fiscal 2011 compared to \$132.2 million in fiscal 2010, and natural gas sales of \$65.8 million in fiscal 2011 compared to \$69.2 million in fiscal 2010.

IDT Energy's electricity revenues increased 4.3% in fiscal 2011 compared to fiscal 2010 as a result of increases in the average rate charged to customers and in consumption. The average electric rate charged to customers increased 1.0% and electric consumption increased 0.5% in fiscal 2011 compared to fiscal 2010. The increase in the average electric rate charged to customers was primarily the result of an increase in the underlying commodity cost in the beginning of fiscal 2011 partially offset by a decrease in the average unit cost of electricity later in fiscal 2011, as well as discounted promotional rates for new customers and an effort to manage churn through rate adjustments during portions of fiscal 2011. The increase in electric consumption was the result of relatively higher usage meters added in the new territories coupled with, in the first quarter of fiscal 2011 compared to the same period in fiscal 2010, warmer temperatures. Electric consumption per meter increased 2.4% in fiscal 2011 compared to fiscal 2010.

IDT Energy's natural gas revenues declined 5.0% in fiscal 2011 compared to fiscal 2010 primarily due to declines in the average rate charged to customers. The average natural gas rate charged to customers decreased 6.3% and natural gas consumption increased 1.4% in fiscal 2011 compared to fiscal 2010. The decrease in the average natural gas rates charged to customers reflected discounted promotional rates for new customers as well as decreases in the average unit cost of natural gas of 5.4% in fiscal 2011 compared to fiscal 2010. The slight increase in natural gas consumption was primarily the result of an increase in meters served in the second half of fiscal 2011 compared to the same period in fiscal 2010. This increase in consumption offset the declines in consumption in the first and second quarters of fiscal 2011 compared to the similar periods in fiscal 2010, which were due to the loss of relatively high usage meters in upstate New York and the addition of a concentration of relatively low usage meters. Natural gas consumption per meter increased 0.1% in fiscal 2011 compared to fiscal 2010.

As of July 31, 2011, IDT Energy's customer base consisted of approximately 405,000 meters (232,000 electric and 173,000 natural gas) compared to 369,000 meters (210,000 electric and 159,000 natural gas) as of July 31, 2010.

Gross meter acquisitions in fiscal 2011 were 220,000 compared to 109,700 in fiscal 2010. The new meter acquisitions in fiscal 2011 were partially offset by customer churn, which resulted in net gains of approximately 36,000 meters since July 31, 2010. Average monthly churn increased to 4.9% in fiscal 2011 compared to 3.1% in fiscal 2010, partially because newly acquired customers have significantly higher churn rates than longer-term customers.

The average rates of annualized energy consumption, as measured by residential customer equivalents, or RCEs, are presented in the chart below. An RCE represents a natural gas customer with annual consumption of 100 mmbtu or an electricity customer with annual consumption of 10 MWh. Because different customers have different rates of energy consumption, RCEs are a useful metric for evaluating the consumption profile of IDT Energy's customer base. The RCE increase at July 31, 2011 compared to July 31, 2010 reflects the increase in meters served as well as a gradual shift in IDT Energy's customer base to customers with higher consumption per meter as a result of targeted customer acquisition programs.

#### RCE's at end of

fiscal quarter (in thousands)	July 31, 2011	April 30, 2011	January 31, 2011	October 31, 2010	July 31, 2010	April 30, 2010	January 31, 2010	October 31, 2009	July 31, 2009
Electricity customers	136	119	124	122	117	103	98	95	92
Natural gas customers	99	94	91	87	88	88	87	86	89
Total RCEs	235	213	215	209	205	191	185	181	181

**Direct Cost of Revenues.** IDT Energy's direct cost of revenues consisted of electricity cost of \$98.1 million in fiscal 2011 compared to \$89.8 million in fiscal 2010, and cost of natural gas of \$51.6 million in fiscal 2011 compared to \$53.8 million in fiscal 2010. Direct cost of revenues for electricity increased in fiscal 2011 compared to fiscal 2010 due to the increase in the average unit cost, as well as the slight increase in consumption. Direct cost of revenues for natural gas decreased in fiscal 2011 compared to fiscal 2010 primarily due to the decline in the average unit cost partially offset by the increase in consumption.

Gross margins in IDT Energy decreased to 26.5% in fiscal 2011 compared to 28.7% in fiscal 2010. Comprising these figures were gross margins on electricity sales in fiscal 2011 of 28.8% compared to 32.0% in fiscal 2010 and gross margins on natural gas sales in fiscal 2011 of 21.6% compared to 22.4% in fiscal 2010. Gross margin was pressured by increased competition and the impact of expansion into new territories in New Jersey and Pennsylvania, where gross margin was sacrificed to facilitate customer acquisitions. IDT Energy's gross margin in the fourth quarter of fiscal 2011 of 23.8% was in-line with our expectations for normalized longer term gross margins.

Selling, General and Administrative. The increase in selling, general and administrative expenses in fiscal 2011 compared to fiscal 2010 was due to increases in customer acquisition costs and marketing costs, as well as a \$3.3 million accrual related to a utility tax audit by the New York City Finance Department. Customer acquisition costs increased primarily due to the significant increase in the number of new customers acquired as described above. Marketing costs increased as a result of testing new sales channels coupled with the expansion into new territories. The accrual for the utility tax audit represents IDT Energy's estimate of the probable liability that may result from the audit. As a percentage of total IDT Energy revenues, selling, general and administrative expenses increased from 9.9% in fiscal 2010 to 15.4% in fiscal 2011 because of the significant increase in costs related to customer acquisitions and non-income related tax audit mentioned above.

In July 2011, IDT Energy entered into an agreement with one of its employees pursuant to which, on or before the consummation of the spin-off, the employee will be granted approximately 22,000 shares of Genie's restricted Class B common stock and options to purchase approximately 22,000 shares of Genie's Class B common stock. The restricted shares and options will vest ratably on the first, second and third anniversaries of the grant, subject to forfeiture if the employee is no longer employed by Genie or one of its subsidiaries prior to vesting. The options will have a term of 10 years and an exercise price equal to the fair market value of the underlying shares upon the spin-off. The fair value of this grant was estimated to be \$0.2 million, which will be recognized on a straight-line basis over the three year vesting period. We recognized compensation cost related to this agreement of \$5,000 in fiscal 2011. The fair value of the Genie shares was the aggregate of the estimated values of IDT Energy and GOGI. The value of IDT Energy was estimated using an income approach and a market approach and the value of GOGI was estimated using a cost approach and a transaction approach.

## Genie Oil and Gas Segment

Genie Oil and Gas does not currently generate any revenues, nor does it incur any direct cost of revenues.

(in millions)			Change	
Year ended July 31,	2011	2010	\$	%
General and administrative expenses	\$ 0.6	\$ 0.5	\$ 0.1	35.5%
Research and development	7.8	5.2	2.6	49.3
Equity in the net loss of AMSO, LLC	5.2	1.6	3.6	226.9
Loss from operations	\$ 13.6	\$ 7.3	\$ 6.3	87.5%

General and Administrative. The increase in general and administrative expenses in fiscal 2011 as compared to fiscal 2010 was due primarily to increases in payroll and consulting fees.

Research and Development. Research and development expenses in fiscal 2011 and fiscal 2010 were entirely related to the operations of IEI in Israel. IEI began its resource appraisal study in the third quarter of calendar 2009, and it is expected that the field operations of this phase will be finalized in calendar 2011. We expect continued, significant increases in the expenses of our Genie Oil and Gas segment reflecting the costs of facility construction, drilling and operations of the IEI pilot test as well as further staffing to support engineering and scientific operations and business development activities. We expect IEI's pilot test to require \$25 million to \$30 million over the next two years.

Equity in the Net Loss of AMSO, LLC. AMSO accounts for its 50% ownership interest in AMSO, LLC using the equity method. AMSO, LLC is utilizing a team of experienced experts in various fields to conduct its research, development and demonstration activities. In fiscal 2011, AMSO, LLC continued advanced stage construction work on the surface oil and gas processing facilities while drilling wells for its upcoming pilot test in Colorado. The pilot test is expected to begin in the fall of 2011 barring permitting or operational delays. The pilot test is intended to confirm the accuracy of several of the key underlying assumptions of the proposed in-situ heating and retorting process. Upon successful completion of the pilot test, AMSO, LLC expects to design and implement a larger scale demonstration project to further test its process and operations under commercial conditions, and assess scalability to commercial levels. Upon completion of a successful demonstration, AMSO, LLC intends to submit an application to convert the RD&D Lease into a commercial lease.

AMSO's equity in the net loss of AMSO, LLC increased in fiscal 2011 compared to fiscal 2010 as a result of the increase in AMSO, LLC's net loss to \$26.2 million in fiscal 2011 from \$8.0 million in fiscal 2010. AMSO, LLC's net loss increased primarily as a result of the substantial increase in the costs associated with the pilot test.

## Corporate

(in millions)			Change	
Year ended July 31,	2011	2010	\$	%
General and administrative expenses	\$ 1.8	\$ 0.8	\$ 1.0	127.6%

Corporate does not generate any revenues, nor does it incur any direct cost of revenues. Corporate costs include compensation, Board of Director fees, consulting fees, legal fees and other corporate-related general and administrative expenses.

The increase in general and administrative expenses in fiscal 2011 as compared to fiscal 2010 was due primarily to increases in compensation, consulting fees and stock-based compensation.

## Consolidated

The following is a discussion of our consolidated income and expense line items below income from operations.

(in millions)			Change	
Year ended July 31,	2011	2010	\$	%
Income from operations	\$ 7.0	\$ 29.7	\$ (22.7)	(76.5)%
Interest expense and financing fees, net	(2.0)	(1.7)	(0.3)	(14.6)
Other (expense) income, net	(0.6)	—	(0.6)	nm
Provision for income taxes	(7.0)	(14.0)	7.0	50.2
Net (loss) income	(2.6)	14.0	(16.6)	(118.1)
Net loss attributable to noncontrolling interests	4.2	0.5	3.7	750.6
Net income attributable to Genie	\$ 1.6	\$ 14.5	\$ (12.9)	(88.8)%

nm – not meaningful

Interest Expense and Financing Fees, net. The increase in interest expense and financing fees, net in fiscal 2011 compared to fiscal 2010 was primarily due to an increase in finance fees from the Preferred Supplier Agreement between IDT Energy and BP, pursuant to which BP is IDT Energy's preferred provider of electricity and natural gas. The BP finance fees increased to \$2.1 million in fiscal 2011 compared to \$1.8 million in fiscal 2010.



Other (Expense) Income, net. The change in other (expense) income, net in fiscal 2011 compared to fiscal 2010 was due primarily to the increase in foreign currency transaction losses from \$7,000 in fiscal 2010 to \$0.5 million in fiscal 2011. In addition, other (expense) income, net in fiscal 2011 included aggregate expense of \$0.1 million related to the change in the estimated fair value of the options to purchase shares of our subsidiary held by Michael Steinhardt, the Chairman of the Board of IEI.

Provision for Income Taxes. The provision for income taxes in fiscal 2011 decreased compared to fiscal 2010 due primarily to a decrease in pre-tax income. In fiscal 2011 and 2010, we were included in the consolidated federal income tax return of IDT Corporation. Our income taxes are presented on a separate tax return basis.

Net Loss Attributable to Noncontrolling Interests. The majority of the increase in the net loss attributable to noncontrolling interests in fiscal 2011 compared to fiscal 2010 relates to 100% of the net loss incurred by Citizen's Choice Energy, LLC, or CCE, which is a variable interest entity that is consolidated with IDT Energy.

In fiscal 2011, an employee of IDT incorporated CCE, which is an ESCO that resells electricity and natural gas to residential and small business customers in the State of New York. We provided CCE with all of the cash required to fund its operations. IDT also provided CCE with letters of credit to secure CCE's obligations. We determined that at the present time we have the power to direct the activities of CCE that most significantly impact CCE's economic performance, and we have the obligation to absorb losses of CCE that could potentially be significant to CCE. We therefore determined that we are the primary beneficiary of CCE, and as a result, we consolidate CCE with IDT Energy. We do not have any ownership interest in CCE, therefore all net losses incurred by CCE have been attributed to noncontrolling interests. CCE's net loss in fiscal 2011 of \$2.0 million related primarily to sales commissions for customer acquisitions as CCE grows its customer base.

The remainder of the increase in the net loss attributable to noncontrolling interests in fiscal 2011 compared to fiscal 2010 was mostly due to increases in the net losses of AMSO and IEI, which are included in the Genie Oil and Gas segment discussed above, and in the noncontrolling interests' share of a portion of these net losses. The noncontrolling interests' share of AMSO and IEI losses increased as a result of the April 2010 sales of an aggregate 2.7% interest in GEIC and the November 2010 sales of an aggregate 5.5% interest in GOGI.

Year Ended July 31, 2010 Compared to Year Ended July 31, 2009

#### IDT Energy Segment

(in millions)			Change	
Year ended July 31,	2010	2009	\$	%
Revenues	\$ 201.4	\$ 264.7	\$ (63.3)	(23.9)%
Direct cost of revenues	143.6	192.5	(48.9)	(25.5)
Selling, general and administrative	19.9	26.7	(6.8)	(25.3)
Depreciation	0.1	0.1	—	(27.6)
Income from operations	\$ 37.8	\$ 45.4	\$ (7.6)	(16.6)%

Revenues. Beginning in the third quarter of fiscal 2010, IDT Energy began adding customers in two utility territories in New Jersey and Pennsylvania. IDT Energy's revenues consisted of electricity sales of \$132.2 million in fiscal 2010 compared to \$157.2 million in fiscal 2009, and natural gas sales of \$69.2 million in fiscal 2010 compared to \$107.5 million in fiscal 2009.

IDT Energy's electricity and natural gas revenues declined in fiscal 2010 compared to fiscal 2009 reflecting declines in the average rates charged to customers, which resulted from declines in the underlying commodity costs, and a decline

in consumption, particularly natural gas consumption. The average electric rate declined 14.0% in fiscal 2010 compared to fiscal 2009 and electric consumption declined 2.2% in fiscal 2010 compared to fiscal 2009. The average natural gas rates declined 18.9% in fiscal 2010 compared to fiscal 2009 and natural gas consumption declined 20.6% in fiscal 2010 compared to fiscal 2009. The decline in natural gas consumption reflected our concentration of meter acquisitions in territories with lower consumption per meter but higher gross margin opportunities.

The decline in consumption was partially due to the decline in customers since July 31, 2009 and partially due to lower consumption per meter for natural gas. As of July 31, 2010, IDT Energy's customer base consisted of approximately 369,000 meters (210,000 electric and 159,000 natural gas) compared to 397,000 meters (228,000 electric and 169,000 natural gas) as of July 31, 2009.

Partly as a result of the initiative to reorganize its sales teams and restructure its marketing approach that began during the fourth quarter of fiscal 2009, IDT Energy's churn fell in fiscal 2010 compared to fiscal 2009, from 4.9% in fiscal 2009 to 3.1% in fiscal 2010.

The initiative to create a significantly smaller but better trained external sales force and restructure the marketing approach slowed the pace of new meter acquisitions during the fourth quarter of fiscal 2009 and in fiscal 2010, resulting in gross meter acquisitions of 109,700 in fiscal 2010 compared to 247,100 in fiscal 2009. New meter acquisitions were more than offset by customer churn in fiscal 2010, which resulted in a net loss of approximately 27,600 meters. However, IDT Energy's customer base increased by approximately 5,000 meters from April 30, 2010 to July 31, 2010. This increase in meters in the fourth quarter of fiscal 2010 was the result of new meter acquisitions in New Jersey and Pennsylvania since customer churn in New York State exceeded new meter acquisitions.

Direct Cost of Revenues. IDT Energy's direct cost of revenues consisted of electricity cost of \$89.8 million in fiscal 2010 compared to \$102.1 million in fiscal 2009, and cost of natural gas of \$53.8 million in fiscal 2010 compared to \$90.4 million in fiscal 2009. Direct cost of revenues for both electricity and natural gas decreased in fiscal 2010 compared to fiscal 2009 as a result of the decline in consumption and decreases in the average unit costs.

Gross margins in IDT Energy increased to 28.7% in fiscal 2010 compared to 27.3% in fiscal 2009. Comprising these figures were gross margins on electricity sales in fiscal 2010 of 32.0% compared to 35.0% in fiscal 2009 and gross margins on natural gas sales in fiscal 2010 of 22.4% compared to 15.9% in fiscal 2009. The gross margin on electricity sales decreased in fiscal 2010 compared to fiscal 2009 because the decrease in IDT Energy's average rates charged to customers was greater than the decrease in the average unit cost of electricity. The gross margins on natural gas sales increased in fiscal 2010 compared to fiscal 2009 primarily because IDT Energy's average unit cost of natural gas decreased due to continuing favorable market conditions.

Selling, General and Administrative. The decrease in selling, general and administrative expenses in fiscal 2010 compared to fiscal 2009 was due primarily to decreases in customer acquisition costs, POR fees, bad debt expense and compensation expense. Customer acquisition costs decreased due to the decrease in the number of new customers acquired as described above. The decrease in POR fees was due to the decrease in revenues, although POR fees as a percentage of IDT Energy's revenues increased in fiscal 2010 compared to fiscal 2009 as a result of certain of the utilities' annual increase in the fee. The decrease in bad debt expense was due primarily to the transition, beginning in the third quarter of fiscal 2009, to a POR program of a significant portion of IDT Energy's receivables that were not previously included in a POR program. Compensation expense decreased due to decreases in payroll and bonus expense. As a percentage of total IDT Energy revenues, selling, general and administrative expenses decreased from 10.1% in fiscal 2009 to 9.9% in fiscal 2010.

#### Genie Oil and Gas Segment

(in millions)			Change	
Year ended July 31,	2010	2009	\$	%
General and administrative expenses	\$ (0.5)	\$ (0.1)	\$ (0.4)	(152.0)%
Research and development	(5.2)	(6.3)	1.1	16.4
Equity in the net loss of AMSO, LLC	(1.6)	(0.7)	(0.9)	(119.1)
Gain on sale of interest in AMSO, LLC	—	2.6	(2.6)	(100.0)
Loss from operations	\$ (7.3)	\$ (4.5)	\$ (2.8)	(59.4)%

Research and Development. Research and development expenses consist of the following:

(in millions)		
Year ended July 31,	2010	2009
Israel Energy Initiatives, Ltd.	\$ 5.2	\$ 3.1
AMSO, LLC	—	3.2
Total research and development expenses	\$ 5.2	\$ 6.3

Equity in the Net Loss of AMSO, LLC. AMSO's equity in the net loss of AMSO, LLC increased in fiscal 2010 compared to fiscal 2009 because AMSO consolidated AMSO, LLC for most of fiscal 2009 until the sale of a 50% interest in AMSO, LLC to Total in March 2009. AMSO, LLC's net loss increased to \$8.0 million in fiscal 2010 from \$6.8 million in fiscal 2009 primarily as a result of the substantial increase in the costs associated with the pilot test, partially offset by reductions in costs related to site characterization.

Gain on Sale of Interest in AMSO, LLC. In March 2009, Total acquired a 50% interest in AMSO, LLC in exchange for cash paid to us of \$3.2 million and Total's commitment to fund the majority of AMSO, LLC's research, development and demonstration expenditures as well as certain other funding commitments. We recognized a gain of \$2.6 million in fiscal 2009 in connection with the sale. AMSO no longer consolidates AMSO, LLC as of the closing of the transaction with Total, instead, AMSO accounts for its 50% ownership interest in AMSO, LLC using the equity method.

#### Corporate

(in millions)

Year ended July 31,	2010	2009
General and administrative expenses	\$ 0.8	\$ —

Corporate costs include compensation, Board of Director fees, consulting fees, legal fees and other corporate-related general and administrative expenses. In fiscal 2010, Corporate general and administrative expenses included stock-based compensation of \$0.3 million related to a consulting arrangement. No corporate expenses were incurred in fiscal 2009.

## Consolidated

The following is a discussion of our consolidated income and expense line items below income from operations.

(in millions)			Change	
Year ended July 31,	2010	2009	\$	%
Income from operations	\$ 29.7	\$ 40.8	\$ (11.1)	(27.1)%
Interest (expense) income and financing fees, net	(1.7)	0.1	(1.8)	nm
Other income, net	—	0.1	(0.1)	(79.5)
Provision for income taxes	(14.0)	(18.2)	4.2	23.6
Net income	14.0	22.8	(8.8)	(38.0)
Net loss attributable to noncontrolling interests	0.5	—	0.5	nm
Net income attributable to Genie	\$ 14.5	\$ 22.8	\$ (8.3)	(35.9)%

nm – not meaningful

Interest (Expense) Income and Financing Fees, net. The change in interest (expense) income and financing fees, net in fiscal 2010 compared to fiscal 2009 was due to finance fees of \$1.8 million in fiscal 2010 from the Preferred Supplier Agreement between IDT Energy and BP dated as of June 29, 2009, pursuant to which BP is IDT Energy's preferred provider of electricity and natural gas.

Provision for Income Taxes. The provision for income taxes in fiscal 2010 decreased compared to fiscal 2009 due primarily to a decrease in pre-tax income. In fiscal 2010 and 2009, we were included in the consolidated federal income tax return of IDT Corporation. Our income taxes are presented on a separate tax return basis.

Net Loss Attributable to Noncontrolling Interests. The net loss attributable to noncontrolling interests increased to \$0.5 million in fiscal 2010 from \$20,000 in fiscal 2009 primarily due to the increase in IEI's loss in fiscal 2010 compared to fiscal 2009, as well as because the noncontrolling interest in IEI was outstanding for the full year in fiscal 2010 compared to approximately nine months in fiscal 2009. The fiscal 2010 net loss attributable to noncontrolling interests in IEI was partially offset by net income attributable to noncontrolling interests in GEIC as a result of the April 2010 sales of noncontrolling interests in GEIC.

## LIQUIDITY AND CAPITAL RESOURCES

## General

Historically, we have satisfied our cash requirements primarily through a combination of our existing cash and cash equivalents, IDT Energy's cash flow from operating activities and funding from IDT. We currently expect our operations in the next twelve months and the balance of cash and cash equivalents that we held as of July 31, 2011 together with the proceeds from the anticipated pre-spin-off infusion of cash from IDT, will be sufficient to meet our currently anticipated cash requirements during fiscal 2012.

As of July 31, 2011, we had cash, cash equivalents and restricted cash of \$24.0 million and working capital (current assets less current liabilities) of \$34.8 million. As of July 31, 2011, cash of \$0.2 million that serves as collateral was restricted against letters of credit, and was included in "Restricted cash" in our consolidated balance sheet. In addition, as of July 31, 2011, IDT had restricted cash and cash equivalents of \$2.4 million that serves as collateral for outstanding letters of credit for our benefit. These letters of credit were collateral to secure primarily IDT Energy's purchases of natural gas, electric capacity, energy and ancillary services.

In connection with the planned spin-off, we expect that IDT will transfer cash to us prior to the spin-off such that we will have approximately \$106 million in cash at the time of the spin-off, after repayment of the amount due from IDT, if any. At July 31, 2011, our amount due from IDT was \$4.3 million as a result of IDT Energy's transfers to IDT of excess cash provided by its operations that exceeded cash from IDT to fund our working capital requirements and our investments in our Genie Oil and Gas segment, when necessary, and charges from IDT to us for certain transactions and allocated expenses. In fiscal 2011, fiscal 2010 and fiscal 2009, IDT allocated an aggregate of \$4.7 million, \$3.8 million and \$4.2 million, respectively, to us for payroll, benefits, insurance, facilities and other expenses, which were included in our "Selling, general and administrative expense" in the accompanying consolidated statements of operations. In all periods presented, we were included in IDT's consolidated federal income tax return. In fiscal 2011 and fiscal 2010, our federal taxable income was offset against IDT's net operating losses.

The service agreements between IDT and us include additional services to be provided, on an interim basis, as a separate publicly-traded company. Such services include assistance with internal audit, our periodic reports required to be filed with the SEC as well as maintaining our minutes, books and records of meetings of the Board of Directors and its committees. Charges for these additional services were not included in our historical consolidated financial statements or in our pro forma adjustments since they were not applicable for periods that we were not a separate public company. We estimate that the additional costs (including for services to be provided by IDT and others) related to being a publicly-traded company and being separated from IDT, will be between \$3.5 million and \$5.0 million annually. Several of the costs included in this estimated range are preliminary, subject to negotiation, and may vary from our assumptions when finalized.

IEI holds an exclusive Shale Oil Exploration and Production License awarded in July 2008 by the Israeli Ministry of National Infrastructures. Under the terms of the license, IEI is to conduct a geological appraisal study across the license area, characterize the resource and select a location for a pilot plant in which it will demonstrate its in-situ technology. Pilot test drilling and construction is scheduled to begin in calendar 2012 if not delayed by permitting, regulatory action or pending litigation. Pilot test operations could begin as early as calendar 2013. We currently expect to use the anticipated cash on-hand at the time of the spin-off of approximately \$106 million, and cash provided by our operating activities, to finance the pilot test construction and operations. In addition, we are considering financing IEI's operations through sales of equity interests in IEI. Finally, we may finance our operations through sales of equity interests in Genie.

(in millions)	Year ended July 31,		
	2011	2010	2009
Cash flows provided by (used in)			
Operating activities	\$ 5.5	\$ 16.9	\$ 39.6
Investing activities	(3.8)	6.9	(6.4)
Financing activities	9.0	(15.6)	(30.2)
Increase in cash and cash equivalents	\$ 10.7	\$ 8.2	\$ 3.0

### Operating Activities

Our cash flow from operations varies significantly from quarter to quarter and from year to year, depending on our operating results and the timing of operating cash receipts and payments, specifically trade accounts receivable and trade accounts payable, including payments relating to our research and development activities.

CCE is a variable interest entity that is consolidated with IDT Energy. We provided CCE with all of the cash required to fund its operations. IDT also provided CCE with letters of credit to secure CCE's obligations. In fiscal 2011, we provided CCE with \$2.9 million in order to fund its operations. The funding for fiscal 2012 has not yet been determined as it depends on CCE's success in acquiring new customers and maintaining its existing customers. We do not own any interest in CCE and we have no contractual obligation to fund CCE, however, we currently intend to continue funding CCE's operations, to the extent that we continue to believe that it serves the interests of IDT Energy. We provide CCE with support services for which we charge CCE the cost of providing the services plus an 18% mark-up, and we may terminate the agreement at our convenience upon 30 days' notice. We provide the funding to enable CCE to develop and grow its operations, such that in the future CCE will repay our investment and pay the mark-up as well as continue as a customer of our ESCO support services. There are no other arrangements that would require us to provide CCE with additional financial support.

We are subject to audits in various jurisdictions for various taxes, including income tax, utility excise tax, and sales and use tax. Specifically, IDT Energy has the following audits in process: (1) New York State income tax for fiscal 2007, fiscal 2008 and fiscal 2009, (2) New York City utility tax audit on electricity sales for the period from June 1, 2007 through December 31, 2008 and (3) New York State sales and use tax for the period from September 1, 2004 through May 31, 2007. In June 2011, IDT Energy received a Notice of Proposed Tax Adjustments from the New York City Finance Department related to the utility tax audit that included aggregate assessments of tax, interest and penalties of \$7.2 million. In addition, IDT Energy's potential exposure for utility tax, interest and penalties for the period from January 1, 2009 through July 31, 2011 is an additional \$6.2 million. As of July 31, 2011, the Company had accrued \$3.3 million for the New York City utility tax audit and \$2.1 million related to New York State income tax and New York State sales and use tax audits. We are unable to form an estimate of what we believe is our reasonably possible liability related to the New York City utility tax audit, above the \$3.3 million that has been accrued. IDT Energy's reasonably possible exposure related to the New York State income tax and New York State sales and use tax audits range from nil to \$4.2 million. As of July 31, 2011, we have accrued \$5.4 million related to these various audits. We believe that we have adequately provided for all of the obligations for these taxes, however amounts asserted by taxing authorities or the amount ultimately assessed against us could be greater than the accrued amounts. Accordingly, additional provisions may be recorded in the future as revised estimates are made or underlying matters are settled or resolved. Imposition of assessments as a result of tax audits could have an adverse effect on our results of operations, cash flows and financial condition.

Genie will not be eligible to utilize IDT's net operating loss carryforwards to offset its taxable income for periods following the spin-off and, as a result, will likely have an increased tax burden as compared to the remaining part of IDT's consolidated tax group.

## Investing Activities

Our capital expenditures were \$152,000, \$147,000 and \$36,000 in fiscal 2011, fiscal 2010 and fiscal 2009, respectively. We did not have any material commitments for capital expenditures at July 31, 2011. We expect our capital expenditures for the year ending July 31, 2012 to remain at the current levels.

Restricted cash decreased \$0.3 million in fiscal 2011. Restricted cash decreased \$9.0 million in fiscal 2010 primarily due to the decrease in collateral required to secure IDT Energy's purchases of natural gas, electric capacity, energy and ancillary services resulting from our agreement with BP. Restricted cash increased \$9.5 million in fiscal 2009 primarily due to the increase in collateral required to secure IDT Energy's operations. Restricted cash serves as collateral for letters of credit to secure IDT Energy's purchases of natural gas, electric capacity, energy and ancillary services.

As of June 29, 2009, IDT Energy entered into a Preferred Supplier Agreement with BP, pursuant to which BP is IDT Energy's preferred provider of electricity and natural gas. The agreement allows for purchases of electricity and natural gas for customers in areas where the utilities have purchase of receivable programs. IDT Energy purchases electricity and natural gas from BP and pays an additional fee based on volumetric loads in accordance with the agreement. IDT Energy makes a monthly payment for its purchases and the related fees, and any outstanding, unpaid amounts accrue interest until paid. IDT Energy's obligations to BP are secured by a first security interest in deposits or receivables from utilities in connection with their purchase of customer receivables under the applicable POR program, and in any cash deposits or letters of credit posted in connection with any collateral accounts with BP. The term of the agreement is through June 30, 2014, with an automatic renewal for an additional year unless either party provides written notice to the other party at least six months prior to June 30, 2014 that it will not renew the agreement. IDT Energy's ability to purchase electricity and natural gas under this agreement is subject to satisfaction of certain conditions including the maintenance of certain covenants. As of July 31, 2011, cash and cash equivalents of \$0.1 million and trade accounts receivable of \$25.0 million were pledged to BP as collateral for the payment of IDT Energy's trade accounts payable to BP of \$13.7 million as of July 31, 2011.



In fiscal 2011, fiscal 2010 and fiscal 2009, cash used for capital contributions to AMSO, LLC was \$3.9 million, \$2.0 million and \$1.1 million, respectively.

In March 2009, Total acquired a 50% interest in AMSO, LLC in exchange for cash paid to us of \$3.2 million and Total's commitment to fund the majority of AMSO, LLC's research, development and demonstration expenditures as well as certain other funding commitments.

In fiscal 2009, proceeds from sales and maturities of marketable securities were \$1.0 million.

#### Financing Activities

During all periods presented, IDT, our parent company, provided us with cash required to fund our working capital requirements and our investments in our Genie Oil and Gas segment, if necessary. We used any excess cash provided by IDT Energy's operations to repay IDT. In fiscal 2011, expenses paid by IDT on our behalf and net cash transfers received from IDT were an aggregate of \$0.6 million. In fiscal 2010 and fiscal 2009, our repayments to IDT net of expenses paid by IDT on our behalf were \$21.0 million and \$30.4 million, respectively. In addition, in connection with the April 2010 sales of GEIC common stock discussed below, an aggregate of \$14.9 million of the amount due to us from IDT was forgiven and accounted for as a reduction of our equity.

In April 2010, Michael Steinhardt, the Chairman of the Board of IEI, purchased a minority interest in GEIC and an option to purchase additional shares of GEIC for \$5.0 million. In June 2011, in a refinement of the terms of the initial investment and the rights associated with that investment, Mr. Steinhardt exchanged his interest in GEIC (including the option to purchase additional interests) for a corresponding interest (including options) in GOGI and arranged for IDT and Genie to receive certain consulting services from a third party. In return, the Steinhardt stockholder entity was paid \$1.7 million. Also in April 2010, W. Wesley Perry, the Chairman of the Board of GEIC, purchased a minority interest in GEIC for \$0.4 million.

In November 2008, we sold a 10% ownership interest in IEI for cash of \$0.2 million.

In November 2010, an entity affiliated with Lord (Jacob) Rothschild purchased a 5.0% equity interest in GOGI for \$10.0 million paid in cash. Also, in November 2010, Rupert Murdoch purchased a 0.5% equity interest in GOGI for \$1.0 million paid with a promissory note. The note is secured by a pledge of the shares issued in exchange for the note. The note accrues interest at 1.58% per annum, and the principal and accrued interest is due and payable on November 15, 2015. In addition, in connection with the purchase by the entity affiliated with Lord Rothschild, in November 2010, warrants were issued to purchase up to an aggregate of 1% of the common stock outstanding of GOGI at an exercise price of up to \$2 million that are exercisable through November 12, 2011. GOGI consists of our interests in AMSO and IEI.

#### Changes in Trade Accounts Receivable and Allowance for Doubtful Accounts

Gross trade accounts receivable was \$26.3 million at July 31, 2011 and remained substantially the same compared to \$26.9 million at July 31, 2010. The allowance for doubtful accounts as a percentage of gross trade accounts receivable decreased to 0.5% at July 31, 2011 compared to 0.6% at July 31, 2010. The percentage decrease in the allowance for doubtful accounts was primarily due to the write-off of specific accounts receivable balances.

#### CONTRACTUAL OBLIGATIONS AND OTHER COMMERCIAL COMMITMENTS

The following tables quantify our future contractual obligations and other commercial commitments as of July 31, 2011:

CONTRACTUAL OBLIGATIONS

Payments Due by Period