

Genie Energy Ltd.  
Form PRE 14A  
March 30, 2018

**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the  
Securities Exchange Act of 1934**

Filed by the Registrant  Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

**Genie Energy Ltd.**

**(Name of Registrant as Specified In Its Charter)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rule 14a-6(i)(1), and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transactions 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.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) 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:

**GENIE ENERGY LTD.**

520 Broad Street  
Newark, New Jersey 07102  
(973) 438-3500

**NOTICE OF ANNUAL MEETING OF STOCKHOLDERS**

**TIME AND DATE:** 10:30 a.m., local time, on Wednesday, May 7, 2018.

Genie Energy Ltd.'s offices at 520 Broad Street, 4<sup>th</sup> Floor, Newark, New Jersey 07102.

**PLACE:**

**ITEMS OF BUSINESS:** 1. To elect five directors, each for a term of one year.

To approve an amendment of the Company's 2011 Stock Option and Incentive Plan to:  
(i) authorize additional shares of Class B Common Stock to be reserved for issuance  
2. thereunder by an additional 974,199 shares, (ii) allow non-employee directors to elect to receive their annual director fee in whole or in part in shares of Company's Class B Common Stock, and (iii) conform with recent tax law changes.

To approve and ratify an August 7, 2017, grant to Howard S. Jonas of 210,840 shares  
3. of the Company's Class B Common Stock in connection with the vesting of Deferred Stock Units in the Company's subsidiary Genie Retail Energy, Inc.

To approve a sale to Howard S. Jonas of 1,152,074 shares of the Company's Class B  
4. Common Stock at \$4.34 per share for an aggregate sale price of \$5 million, and warrants to purchase an additional 1,048,218 shares of the Company Class B Common Stock at \$4.77 per share for an aggregate exercise price of \$5 million.

5. To approve the grant of options to purchase 256,818 shares of the Company's Class B Common Stock to Howard S. Jonas in lieu of a cash bonus.

6. To conduct an advisory vote on compensation of named executive officers.

7. To vote on the frequency of the advisory vote on executive compensation: once a year, once every two years or once every three years.

8. To transact other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

**RECORD DATE:** You can vote if you were a stockholder of record at 5:00 p.m. Eastern time on March 9, 2018.

**PROXY VOTING:**

You can vote either in person at the Annual Meeting or by proxy without attending the meeting. See details under the heading “How do I Vote?”

**ANNUAL MEETING  
ADMISSION:**

If you are a stockholder of record, a form of personal photo identification must be presented in order to be admitted to the Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record, you must bring with you to the Annual Meeting a brokerage statement or other written proof of ownership as of March 9, 2018, as well as a form of personal photo identification.

**ANNUAL MEETING  
DIRECTIONS:**

You may request directions to the Annual Meeting via email at [invest@genie.com](mailto:invest@genie.com) or by calling Genie Investor Relations at (973) 438-3848.

**Important Notice Regarding the Availability of Proxy Materials for  
the genie energy ltd. Stockholders Meeting to be Held on may 7, 2018:  
The Notice of Annual Meeting and Proxy Statement and the 2017 Annual Report are available at:**

*[www.genie.com/ir](http://www.genie.com/ir)*

BY ORDER OF THE BOARD OF DIRECTORS

/s/ Joyce Mason  
Joyce Mason  
Corporate Secretary

Newark, New Jersey  
April [\_\_], 2018

**GENIE ENERGY LTD.**

520 Broad Street  
Newark, New Jersey 07102  
(973) 438-3500

**PROXY STATEMENT**

**GENERAL INFORMATION**

**Introduction**

This Proxy Statement is being furnished to the stockholders of record of Genie Energy Ltd., a Delaware corporation (the “Company” or “Genie”) as of 5:00 p.m. Eastern time on March 9, 2018, in connection with the solicitation by the Company’s Board of Directors (the “Board of Directors”) of proxies for use in voting at the Company’s 2018 Annual Meeting of Stockholders (the “Annual Meeting”). The Annual Meeting will be held on Wednesday, May 7, 2018 at 10:30 a.m., local time, at Genie Energy Ltd.’s offices at 520 Broad Street, 4th Floor, Newark, New Jersey 07102. The shares of the Company’s Class A common stock, par value \$0.01 per share (“Class A Common Stock”), Class B common stock, par value \$0.01 per share (“Class B Common Stock”) and the Series 2012-A Preferred Stock (“Preferred Stock”) present at the Annual Meeting or represented by the proxies received by Internet or mail (properly marked, dated and executed) and not revoked, will be voted at the Annual Meeting. This Proxy Statement is being mailed to the Company’s stockholders starting on or about April [ ], 2018.

**Solicitation and Voting Procedures**

This solicitation of proxies is being made by the Company. The solicitation is being conducted by mail and by e-mail, and the Company will bear all attendant costs. These costs will include the expense of preparing and mailing proxy materials for the Annual Meeting and any reimbursements paid to brokerage firms and others for their expenses incurred in forwarding the solicitation materials regarding the Annual Meeting to the beneficial owners of the

Company's Class A Common Stock, Class B Common Stock and Preferred Stock. The Company may conduct further solicitations personally, by telephone or by facsimile through its officers, directors and employees, none of whom will receive additional compensation for assisting with the solicitation.

5:00 p.m. Eastern time on Friday, March 9, 2018, has been fixed as the record date (the "Record Date") for determining the holders of shares of Class A Common Stock, Class B Common Stock and Preferred Stock entitled to notice of, and to vote at, the Annual Meeting. As of the close of business on the Record Date, the Company had 27,191,911, shares issued and outstanding and entitled to vote at the Annual Meeting, consisting of 1,574,326 shares of Class A Common Stock, 23,294,886 shares of Class B Common Stock and 2,322,699 shares of Preferred Stock.

Stockholders are entitled to three votes for each share of Class A Common Stock held by them and one-tenth of one vote for each share of Class B Common Stock and each share of Preferred Stock held by them. The holders of Class A Common Stock, Class B Common Stock and Preferred Stock will vote as a single body on all matters presented to the stockholders. There are no dissenters' rights of appraisal in connection with any proposal.

### **How do I Vote?**

You can vote either in person at the Annual Meeting or by proxy without attending the meeting.

Beneficial holders of the Company's Class A Common Stock, Class B Common Stock and Preferred Stock as of the Record Date whose stock is held of record by another party should receive voting instructions from their bank, broker or other holder of record. If a stockholder's shares are held through a nominee and the stockholder wants to vote at the meeting, such stockholder must obtain a proxy from the nominee record holder authorizing such stockholder to vote at the Annual Meeting.

Stockholders of record should receive a paper copy of our proxy materials and may vote by following the instructions on the proxy card that is included with the proxy materials. As set forth on the proxy card, there are two convenient methods for holders of record to direct their vote by proxy without attending the Annual Meeting: on the Internet or by mail. To vote by Internet, visit [www.voteproxy.com](http://www.voteproxy.com). To vote by mail, mark, date and sign the enclosed proxy card and return it in the postage-paid envelope provided. Holders of record may also vote by attending the Annual Meeting and voting by ballot.

All shares for which a proxy has been duly executed and delivered (by Internet or mail) and not revoked will be voted at the Annual Meeting. If a stockholder of record signs and returns a proxy card but does not give voting instructions, the shares represented by that proxy will be voted as recommended by the Board of Directors. If any other matters are properly presented at the Annual Meeting for consideration and if you have voted your shares by Internet or mail, the persons named as proxies will have the discretion to vote on those matters for you. On the date of filing this Proxy

Statement with the Securities and Exchange Commission (the “SEC”), the Board of Directors did not know of any other matter to be raised at the Annual Meeting.

### **How Can I Change My Vote?**

A stockholder of record can revoke his, her or its proxy at any time before it is voted at the Annual Meeting by delivering to the Company (to the attention of Joyce J. Mason, Esq., Corporate Secretary) a written notice of revocation or by executing a later-dated proxy by Internet or mail, or by attending the Annual Meeting and voting in person.

If your shares are held in the name of a bank, broker, or other nominee, you must obtain a proxy executed in your favor from the holder of record (that is, your bank, broker, or nominee) to be able to vote at the Annual Meeting.

### **Quorum and Vote Required**

The presence at the Annual Meeting of a majority of the voting power of the Company's outstanding Class A Common Stock, Class B Common Stock and Preferred Stock (voting together), either in person or by proxy, will constitute a quorum for the transaction of business at the Annual Meeting. Abstention votes and any broker non-votes (i.e., votes withheld by brokers on non-routine proposals in the absence of instructions from beneficial owners) will be counted as present or represented at the Annual Meeting for purposes of determining whether a quorum exists.

The affirmative vote of a majority of the voting power present (in person or by proxy) at the Annual Meeting and casting a vote on a Proposal will be required for the approval of the election of any director (Proposal No. 1), the adoption of amendments to the 2011 Stock Option and Incentive Plan (the "2011 Plan") (Proposal No. 2), the ratification of an August 7, 2017, grant to Howard S. Jonas of 210,840 shares of the Company's Class B Common Stock in connection with the vesting of Deferred Stock Units in the Company's subsidiary Genie Retail Energy, Inc. (Proposal No. 3), the approval of a sale to Howard S. Jonas of 1,152,074 shares of the Company's Class B Common Stock at \$4.34 per share for an aggregate sale price of \$5 million, and warrants to purchase an additional 1,048,218 shares of the Company Class B Common Stock at \$4.77 per share for an aggregate exercise price of \$5 million, (Proposal No. 4), the approval of a grant of options to purchase 256,818 shares of the Company's Class B Common Stock to Howard S. Jonas in lieu of a cash bonus (Proposal No. 5), and for the approval, on an advisory basis, of the compensation of our Named Executive Officers (Proposal No. 6). This means that the number of votes cast "for" a Proposal must exceed the number of votes cast "against" that Proposal. Abstentions are not counted as votes "for" or "against" a nominee or any of these proposals. Proposal No. 7 asks stockholders to express a preference among three possible choices - as to whether future advisory votes on executive compensation should be held every year, every two years, or every three years. Accordingly, abstentions will not be counted as expressing any preference. If a plurality of the votes cast on this matter at the Annual Meeting is cast in favor of advisory votes on executive compensation every three years, the Company would adopt this approach.



If you are a beneficial owner whose shares are held of record by a broker, you must instruct the broker how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which the broker does not have discretionary authority to vote. This is called a “broker non-vote.” In these cases, the broker can register your shares as being present at the Annual Meeting for purposes of determining the presence of a quorum but will not be able to vote on those matters for which specific authorization is required under the rules of the New York Stock Exchange. In the event of a broker non-vote or an abstention with respect to any proposal coming before the Annual Meeting, the shares represented by the relevant proxy will not be deemed to be present and entitled to vote on those proposals for the purpose of determining the total number of shares of which a majority is required for adoption, having the practical effect of reducing the number of affirmative votes required to achieve a majority vote for such matters by reducing the total number of shares from which a majority is calculated.

If you are a beneficial owner whose shares are held of record by a broker, your broker does not have discretionary authority to vote on any of the proposals or on any stockholder proposal without instructions from you, in which case a broker non-vote will occur and your shares will not be voted on these matters.

### **How Many Votes Are Required to Approve Other Matters?**

Unless otherwise required by law or the Company’s Bylaws, the affirmative vote of a majority of the voting power represented at the Annual Meeting and entitled to vote will be required for other matters that may properly come before the meeting.

### **Stockholders Sharing the Same Address**

We are sending only one copy of the Annual Report and Proxy Statement to stockholders of record who share the same last name and address, unless they have notified the Company that they want to continue to receive multiple copies. This practice, known as “householding,” is designed to reduce duplicate mailings and printings and postage costs. However, if any stockholder residing at such address wishes to receive a separate Annual Report or Proxy Statement in the future, he or she may contact Joyce J. Mason, Esq., Corporate Secretary, Genie Energy Ltd., 520 Broad Street, Newark, New Jersey 07102, or by phone at (973) 438-3500, and we will promptly forward to such stockholder a separate Annual Report or Proxy Statement. The contact information above may also be used by members of the same household currently receiving multiple copies of the 2017 Annual Report and Proxy Statement in order to request that only one set of materials be sent in the future.

### **Fiscal Year**

The Company’s fiscal year ends on December 31 of each calendar year.



## **CORPORATE GOVERNANCE**

### **Introduction**

The Company has in place a comprehensive corporate governance framework that reflects the corporate governance requirements of the Sarbanes-Oxley Act of 2002, the rules and regulations promulgated under the Securities Exchange Act of 1934, as amended, and the corporate governance-related listing requirements of the New York Stock Exchange. Consistent with the Company's commitment to strong corporate governance, the Company does not rely on the exceptions from the New York Stock Exchange's corporate governance listing requirements available to it as a "controlled company," except as described below with regard to (i) the composition of the Nominating Committee and (ii) the Company not having a single Nominating/Corporate Governance Committee.

In accordance with Sections 303A.09 and 303A.10 of the New York Stock Exchange Listed Company Manual, the Company has adopted a set of Corporate Governance Guidelines and a Code of Business Conduct and Ethics, the full texts of which are available for your review in the Governance section of our website at <http://genie.com/governance.php> and which also are available in print to any stockholder upon written request to the Corporate Secretary.

The Company qualifies as a "controlled company" as defined in Section 303A of the New York Stock Exchange Listed Company Manual, because more than 50% of the voting power of the Company is controlled by one individual, Howard S. Jonas, who serves as Chairman of the Board of Directors. Notwithstanding that being a "controlled company" entitles the Company to exempt itself from the requirement that a majority of its directors be independent directors and that the Compensation Committee and Corporate Governance Committee be comprised entirely of independent directors, the Board of Directors has determined affirmatively that a majority of the members of the Board of Directors and the director nominees are independent in accordance with Section 303A.02 of the New York Stock Exchange Listed Company Manual and that the Compensation Committee and the Corporate Governance Committee are in fact comprised entirely of independent directors. As a "controlled company," the Company may, and has chosen to, exempt itself from the New York Stock Exchange requirement that it have a single Nominating/Corporate Governance Committee composed entirely of independent directors. As noted above, and discussed in greater detail below, the Board of Directors maintains a separate Corporate Governance Committee comprised entirely of independent directors, and a Nominating Committee comprised of the Chairman of the Board of Directors, a non-independent director and one independent director.

### **Director Independence**

The Corporate Governance Guidelines adopted by the Board of Directors provide that a majority of the members of the Board of Directors, and each member of the Audit, Compensation and Corporate Governance Committees, must meet the independence requirements set forth therein. The full text of the Corporate Governance Guidelines, including the independence requirements, is available for your review in the Governance section of our website at <http://genie.com/governance.php>. For a director to be considered independent, the Board of Directors must determine that a director meets the Independent Director Qualification Standards set forth in the Corporate Governance Guidelines, which comply with the New York Stock Exchange definitions of independent, and is free from any material relationship with the Company and its executive officers. The Board of Directors considers all relevant facts and circumstances known to it in making an independence determination, and not merely from the standpoint of the director, but also from that of persons or organizations with which the director has an affiliation or significant financial interest. In addition to considering all relevant information available to it, the Board of Directors uses the following categorical Independent Director Qualification Standards in determining the “independence” of its directors:

1. During the past three years, the Company shall not have employed the director, or, except in a non-officer capacity, any of the director’s immediate family members;
  
2. During the past three years, the director shall not have received, and shall not have an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
  
3. (a) The director shall not be a current partner or employee of a firm that is the Company’s internal or external auditor, (b) the director shall not have an immediate family member who is a current partner of such firm, (c) the director shall not have an immediate family member who is a current employee of such firm and personally works on the Company’s audit, and (d) neither the director nor any of his or her immediate family members shall have been, within the last three years, a partner or employee of such firm and personally worked on the Company’s audit within that time;
  
4. Neither the director, nor any of his or her immediate family members, shall be, or shall have been within the last three years, employed as an executive officer of another company where any of the Company’s present executive officers at the same time serves or served on that company’s compensation (or equivalent) committee; and
  
5. The director shall not be a current employee and shall not have an immediate family member who is a current executive officer of a company (excluding tax exempt organizations) that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of (a) \$1 million or (b) two percent of the consolidated gross revenues of such other company. The Corporate Governance Committee will review the materiality of such relationship to tax exempt organizations to determine if such director qualifies as independent.



Based on the review and recommendation of the Corporate Governance Committee, the Board of Directors has determined that each of W. Wesley Perry, Alan Rosenthal and Allan Sass is independent in accordance with the Corporate Governance Guidelines and, thus, that a majority of the director nominees, and each member or nominee intended to become a member of the Audit, Compensation and Corporate Governance Committees is independent.

The Corporate Governance Committee considered the following relationships between the Company and W. Wesley Perry in determining Mr. Perry's independence: Mr. Perry joined the board of directors of the Company's subsidiary, Genie Energy International Corporation, at its inception in September 2009 and purchased a 0.2% interest in Genie Energy International Corporation, for \$400,000 in April 2010, which interest he still owns. Mr. Perry was not a director or otherwise a "Related Person" of the Company at the time of these transactions. The Corporate Governance Committee determined, after considering the timing, ownership and financial interest of the transactions, that the foregoing relationships were not material relationships with the Company and would not impact Mr. Perry's independence. The Corporate Governance Committee (with Mr. Perry abstaining), therefore, recommended that the Board of Directors determine that Mr. Perry be deemed independent in accordance with the Corporate Governance Guidelines. The Board of Directors (with Mr. Perry abstaining) accepted the Corporate Governance Committee's recommendation.

As used herein, the term "non-employee director" shall mean any director who is not an employee of, or consultant to, the Company, and who is deemed to be independent by the Board of Directors. Therefore, neither Howard Jonas nor James Courter is a non-employee director. None of the other non-employee directors or director nominees had any relationships with the Company that the Corporate Governance Committee was required to consider when reviewing independence.

### **Director Selection Process**

The Nominating Committee will consider director candidates recommended by the Company's stockholders. Stockholders may recommend director candidates by contacting the Chairman of the Board as provided under the heading "Director Communications." The Nominating Committee considers candidates suggested by its members, other directors, senior management and stockholders in anticipation of upcoming elections and actual or expected board vacancies. All candidates, including those recommended by stockholders, are evaluated on the same basis in light of the entirety of their credentials and the needs of the Board of Directors and the Company. Of particular importance is the candidate's wisdom, integrity, ability to make independent analytical inquiries, understanding of the business environment in which the Company operates, as well as his or her potential contribution to the diversity of the Board of Directors and his or her willingness to devote adequate time to fulfill duties as a director. Under "Proposal No. 1 – Election of Directors" below, we provide an overview of each nominee's experience, qualifications, attributes and skills that led the Nominating Committee and the Board of Directors to determine that each nominee should serve as a Director.

## Director Communications

Stockholders and other interested persons seeking to communicate directly with the Board of Directors, with the lead independent director (currently Mr. Perry) or the non-employee directors as a group, should submit their written comments c/o Lead Independent Director at our principal executive offices, Genie Energy Ltd., 520 Broad Street, Newark, New Jersey 07102. The lead independent director will review any such communication at the next regularly scheduled Board meeting unless, in his or her judgment, earlier communication to the Board is warranted. If a stockholder communication raises concerns about the ethical conduct of the Company or its management, it should be sent directly to our Corporate Secretary, Joyce J. Mason, Esq., at our principal executive offices, Genie Energy Ltd., 520 Broad Street, Newark, New Jersey 07102. The Corporate Secretary will promptly forward a copy of any such communication to the Chairman of the Audit Committee and, if appropriate, our Chairman of the Board, and take such actions as they deem necessary to ensure that the subject matter is addressed by the appropriate committee of the Board of Directors, by management and/or by the full Board of Directors.

The Corporate Secretary may filter out and disregard or re-direct (without providing a copy to the directors or advising them of the communication), or may otherwise handle at his or her discretion, any director communication that falls into any of the following categories:

Obscene materials;

Unsolicited marketing or advertising material or mass mailings;

Unsolicited newsletters, newspapers, magazines, books and publications;

Surveys and questionnaires;

Resumes and other forms of job inquiries;

Requests for business contacts or referrals;

Material that is threatening or illegal; or

Any communications or materials that are not in writing.

In addition, the Corporate Secretary may handle in her discretion any director communication that can be described as an “ordinary business matter.” Such matters include the following:

Routine questions, service and product complaints and comments that can be appropriately addressed by management; and

Routine invoices, bills, account statements and related communications that can be appropriately addressed by management.

## **BOARD OF DIRECTORS AND COMMITTEES**

### **Board of Directors**

The Board of Directors held nine (9) meetings in 2017. In 2017, each of the Company’s directors attended or participated in 75% or more of the aggregate of (i) the total number of regularly scheduled meetings of the Board of Directors held during the period in which each such director served as a director and (ii) the total number of regularly scheduled meetings held by all committees of the Board of Directors during the period in which each such director served on such committees.

Directors are encouraged to attend the Company’s annual meetings of stockholders, and the Company generally schedules a meeting of the Board of Directors on the same date and at the same place as the annual meeting of stockholders to encourage director attendance. All of the members constituting the Board of Directors at the time of the 2017 Annual meeting of stockholders attended that meeting.

### **Board of Directors Leadership Structure and Risk Oversight Role**

From January 2014 until November 2017, Howard Jonas filled the position of Chief Executive Officer, in addition to his role as Chairman of the Board. The Board of Directors’ decision was based on Howard Jonas’ leadership skills and his knowledge of the Company’s businesses since its inception. As Chairman of the Board, Howard Jonas provides overall leadership to the Board of Directors in its oversight function while, as Chief Executive Officer, he provided leadership in respect to the day-to-day management and operation of the Company’s businesses. The risk management



oversight roles of the Audit, Compensation and Corporate Governance Committees are discussed below, such committees are comprised solely of independent directors.

We currently separate the roles of Board Chairman and Chief Executive Officer and believe that this further enhances the Board's oversight of management.

Despite Mr. Howard Jonas' departure from serving as our Chief Executive Officer, Mr. Howard Jonas continues to serve in an active manner in setting the strategic direction of our Company.

Michael Stein, who served as Chief Executive Officer of Genie Retail Energy, Inc. (GRE) since May 2015, was appointed as our Chief Executive Officer on November 1, 2017. As the Company continues to increase its focus on our retail business, Mr. Stein's experience in running that division along with other energy divisions made him an appropriate choice to serve as Chief Executive Officer of the entire Company.

The Board of Directors as a whole, and through its committees, has responsibility for the oversight of risk management, including the review of the policies with respect to risk management and risk assessment. The risk management oversight roles of the Audit, Compensation and Corporate Governance Committees discussed below, which are comprised solely of independent directors, provide an appropriate and effective balance to the Chairman of the Board's role. With the oversight of the full Board of Directors, the Company's senior management is responsible for the day-to-day management of the material risks the Company faces. The Board of Directors is required to satisfy itself that the risk management process implemented by management is adequate and functioning as designed.

Section 303A.03 of the New York Stock Exchange Listed Company Manual requires that the non-employee directors of the Company meet without management at regularly scheduled executive sessions. These executive sessions are held at every regularly scheduled meeting of the Board of Directors. W. Wesley Perry, an independent director and the "Lead Independent Director," serves as the presiding director of these executive sessions and has served in that capacity since October 24, 2011. The Board of Directors determined that the role of Lead Independent Director was important to maintain a well-functioning Board of Directors that objectively assesses management's proposals.

The Board of Directors and each of its committees will conduct annual self-assessments to review and monitor their respective continued effectiveness.

As stated above, each of the Audit, Compensation and Corporate Governance Committees oversees certain aspects of risk management and reports its respective findings to the full Board of Directors on a quarterly basis, and as is otherwise needed. The Audit Committee is responsible for overseeing risk management of financial matters, financial reporting, the adequacy of the risk-related internal controls, internal investigations, and security risks, generally. The Compensation Committee oversees risks related to compensation policies and practices. The Corporate Governance

Committee oversees our Corporate Governance Guidelines and governance-related risks, such as board independence, as well as senior management and director succession planning.

## **Board Committees**

The Board of Directors established an Audit Committee, a Compensation Committee, a Corporate Governance Committee, a Nominating Committee and a Technology Committee.

### *Audit Committee*

The Audit Committee consists of W. Wesley Perry (Chairman), Alan Rosenthal and Allan Sass, and is responsible for, among other things, the appointment, compensation, removal and oversight of the work of the Company's independent registered public accounting firm. The Audit Committee also oversees management's performance of its responsibility for the integrity of the Company's accounting and financial reporting and its systems of internal controls, the performance of the Company's internal audit function and the Company's compliance with legal and regulatory requirements. The Audit Committee operates under a written Audit Committee charter adopted by the Board of Directors, which can be found in the Governance section of our web site, <http://investors.genie.com/Committees>, and is also available in print to any stockholder upon request to the Corporate Secretary. The Audit Committee held five (5) meetings during 2017. The Board of Directors, upon recommendation of the Corporate Governance Committee, has determined that (i) all of the members of the Audit Committee are independent within the meaning of the Section 303A.07(b) and Section 303A.02 of the New York Stock Exchange Listed Company Manual and Rule 10A-3(b) under the Securities Exchange Act of 1934, and (ii) that Mr. Perry qualifies as an "audit committee financial expert" within the meaning of Item 407(d)(5) of Regulation S-K.

### *Compensation Committee*

The Compensation Committee is responsible for, among other things, reviewing, evaluating and approving all compensation arrangements for the executive officers of the Company, evaluating the performance of executive officers, administering the Company's 2011 Stock Option and Incentive Plan, and recommending to the Board of Directors the compensation for Board members, such as retainers, committee and other fees, stock option, restricted stock and other stock awards, and other similar compensation as deemed appropriate. The Compensation Committee confers with the Company's executive officers when making the above determinations. The Compensation Committee currently consists of Messrs. Rosenthal (Chairman) and Perry. The Compensation Committee held seven (7) meetings during 2017. The Compensation Committee operates under a written charter adopted by the Board of Directors, which can be found in the Governance section of our web site, <http://investors.genie.com/Committees>, and which is also available in print to any stockholder upon request to the Corporate Secretary. The Board of Directors, upon recommendation of the Corporate Governance Committee, has determined that both of the members of the Compensation Committee are independent within the meaning of Section 303A.02 of the New York Stock Exchange Listed Company Manual and the categorical standards set forth above.

*Compensation Committee Interlocks and Insider Participation*

None of the members of the Compensation Committee has served as an officer or employee of the Company or has any relationship with the Company that is required to be disclosed under the heading "Related Person Transactions." No executive officer of the Company served or serves on the compensation committee (or other board committee performing equivalent functions) of any company that employed or employs as an executive officer any member of the Company's Compensation Committee.

*Corporate Governance Committee*

The Corporate Governance Committee is responsible for, among other things, reviewing and reporting to the Board of Directors on matters involving relationships among the Board of Directors, the stockholders and senior management. The Corporate Governance Committee (i) reviews the Corporate Governance Guidelines and other policies and governing documents of the Company and recommends revisions as appropriate, (ii) reviews any potential conflicts of interests of independent directors, (iii) reviews and monitors related person transactions, (iv) oversees the self-evaluations of the Board of Directors, the Audit Committee and the Compensation Committee and (v) reviews and determines director independence, and makes recommendations to the Board of Directors regarding director independence. The Corporate Governance Committee currently consists of Messrs. Rosenthal (Chairman), Perry and Sass. The Corporate Governance Committee held six (6) meetings in 2017. The Corporate Governance Committee operates under a written charter adopted by the Board of Directors, which can be found in the Governance section of our web site, <http://investors.genie.com/Committees>, and which is also available in print to any stockholder upon request to the Corporate Secretary. The Board of Directors, upon recommendation of the Corporate Governance Committee, has determined that all of the members of the Corporate Governance Committee are independent within the meaning of Section 303A.02 of the New York Stock Exchange Listed Company Manual and the categorical standards set forth above.

### *Nominating Committee*

The Nominating Committee is responsible for overseeing nominations to the Board of Directors, including: (i) developing the criteria and qualifications for membership on the Board of Directors, (ii) recommending candidates to fill new or vacant positions on the Board of Directors, and (iii) conducting appropriate inquiries into the backgrounds of potential candidates. A summary of new director qualifications can be found under the heading “Director Selection Process.” The Nominating Committee currently consists of Howard S. Jonas (Chairman), James A. Courter and W. Wesley Perry. W. Wesley Perry is independent in accordance with Section 303A.02 of the New York Stock Exchange Listed Company Manual. Mr. Howard Jonas and Mr. Courter do not meet the requirements to be deemed independent. The Company, as a “controlled company,” is exempt from the requirement to maintain an independent nominating committee pursuant to Section 303A.00 of the New York Stock Exchange Listed Company Manual. The Nominating Committee operates under a written charter adopted by the Board of Directors, which can be found in the Governance section of our web site, <http://investors.genie.com/Committees>, and which is also available in print to any stockholder upon request to the Corporate Secretary. The Nominating Committee held one (1) meeting during 2017.

### *Technology Committee*

The Technology Committee is responsible for examining and providing oversight over management’s direction of and investment in the Company’s research and development and technology initiatives. This includes evaluating the quality and direction of the Company’s research and development programs, identifying emerging issues and evaluating the level of review by external experts based on the committee members’ experience and other resources available to the Committee. The Committee also reviews the Company’s approaches to acquiring and maintaining technology, and evaluates the technology that the Company is researching and developing. The Technology Committee currently consists of Messrs. Sass (Chairman) and Perry. The Technology Committee holds informal proceedings and discussions with management from time to time and provides input to the relevant company personnel on an as needed basis. The Technology Committee operates under a written charter adopted by the Board of Directors, which can be found in the Governance section of our web site, <http://investors.genie.com/Committees>, and which is also available in print to any stockholder upon request to the Corporate Secretary.

## **2017 COMPENSATION FOR NON-EMPLOYEE DIRECTORS**

Annual compensation for non-employee directors for 2017 was comprised of equity compensation, consisting of awards of restricted Class B Common Stock, and cash compensation. Each of these components is described in more detail below.

## **Director Equity Grants**

Pursuant to the Company's 2011 Stock Option and Incentive Plan, as amended and restated to date, which we refer to as the Incentive Plan, each non-employee director of the Company who is deemed to be independent will receive, on each January 5<sup>th</sup> (or the next business day thereafter), an annual grant of 2,920 restricted shares of our Class B Common Stock, which will vest immediately upon grant. A new director who becomes a member of the Board of Directors during the course of the calendar year receives an automatic grant on the date that he or she becomes a director in the amounts specified above, pro-rated based on the calendar quarter of the year in which such person becomes a director. The stock is granted on a going forward basis, before the director completes his or her service for the calendar year. All such grants of stock to directors are subject to certain terms and conditions described in the Incentive Plan, as may be amended and restated from time to time.

## **Director Board Retainers**

Each non-employee director of the Company who is deemed to be independent and who attends at least 75% of the regularly scheduled meetings of the Board of Directors and committees of which he or she is a member during a calendar year will receive an annual retainer of \$50,000. Such payment will be made in January of the calendar year following attendance of at least 75% of the regularly scheduled Board of Directors and committee meetings during the preceding year, and is pro-rated, based on the number of quarters in the relevant year that the director serves, for non-employee directors who join the Board of Directors or depart from the Board of Directors during the prior year, if such director attended 75% of the applicable Board of Directors and committee meetings for the period when he or she was a director. From 2015 through 2017, each independent director had the option to receive up to 40% (\$20,000) of this compensation in the form of fully-vested shares of Class B Common Stock, the value of which shall be based on the average of the high and low prices for our Class B Common Stock on the trading date prior to the grant. Subject to approval of Proposal No. 2 by the stockholders of the Company, as of March 7, 2018, each independent director has the option to receive the entire annual \$50,000 cash retainer in the form of fully-vested shares of Class B Common Stock, the value of which shall be based on the average of the high and low price on the trading date prior to the grant.

The Company's Chairman may, in his discretion, waive the requirement of 75% attendance by a director to receive the annual retainer in the case of mitigating circumstances. There is no additional compensation for serving on a committee as a committee chair, for the Lead Independent Director or for the Audit Committee Financial Expert.

**2017 Director Compensation Table**

The following table lists the 2017 compensation for each person who served as a non-employee director during 2017. This table does not include compensation to Howard S. Jonas, who serves as a director and is a named executive officer, as he did not receive compensation for his service as a director during 2017. Mr. Howard Jonas' compensation is set forth in the Executive Compensation section of this Proxy Statement. Mr. Courter, who is a director of the Company and serves as a paid consultant to the Company, did not receive any compensation for his service as a director.

Name	Dates of Board Service During 2017	Fees Earned or Paid in Cash (\$) <sup>(1)</sup>	Fees Earned or Paid in Stock <sup>(2)</sup> (\$)	Stock Awards (\$)	All Other Compensation (\$)	Total (\$)
W. Wesley Perry	01/01/2017–12/31/2017	\$ 30,000	\$ 20,000 <sup>(3)</sup>	\$ 17,724 <sup>(4)</sup>	\$ —	\$ 67,724
Alan Rosenthal	01/01/2017–12/31/2017	\$ 50,000	\$ —	\$ 17,724 <sup>(4)</sup>	\$ —	\$ 67,724
Allan Sass	01/01/2017–12/31/2017	\$ 50,000	\$ —	\$ 17,724 <sup>(4)</sup>	\$ —	\$ 67,724
James A. Courter	01/01/2017–12/31/2017	\$ —	\$ —	\$ —	\$ 125,000	<sup>(6)</sup> \$ 125,000

(1) Represents the annual cash portion of the Board of Directors retainer paid in 2017.

(2) Represents the annual Class B Common Stock portion of the Board of Directors paid in 2017.

(3) Mr. Perry chose to receive 3,328 shares of Class B Common Stock at a price of \$6.01 per share in lieu of \$20,000 of the \$50,000 annual cash retainer.

(4) Represents the (i) grant date fair value of an award of 2,920 shares of the Company's Class B Common Stock on January 5, 2017, computed in accordance with FASB ACS Topic 718R.

(6) Reflects \$125,000 paid by the Company to Mr. Courter for consulting fees. Mr. Courter did not receive any compensation for his service as a director.

Non-employee directors held the following shares of the Company's Class B Common Stock granted for director service, and options to purchase shares of Class B Common Stock of the Company, as of December 31, 2017:

Name	Class B Common Stock	Options to Purchase Class B Common Stock
W. Wesley Perry	23,463	—
Alan Rosenthal	18,250	—
Allan Sass	18,250	—



## **RELATED PERSON TRANSACTIONS**

### **Review of Related Person Transactions**

On October 24, 2011, our Board of Directors adopted a Statement of Policy with respect to Related Person Transactions. This policy covers any transaction or series of transactions in which the Company or a subsidiary is a participant, the amount involved exceeds \$120,000 and a Related Person has a direct or indirect material interest, as well as transactions which, despite not meeting the quantitative criteria set forth above, are otherwise material to investors based on qualitative factors, as determined by the Corporate Governance Committee with input from the Company's management and advisors. Related Persons include directors, director nominees, executive officers, any beneficial holder of more than 5% of any class of the Company's voting securities, and any immediate family member of any of the foregoing persons. Transactions that fall within this definition are considered by the Corporate Governance Committee for approval, ratification or other action. Based on its consideration of all of the relevant facts and circumstances, the Corporate Governance Committee is tasked with determining whether or not to approve such transactions and will approve only those transactions that are in the best interests of the Company and its stockholders. If the Company becomes aware of an existing Related Person Transaction that has not been approved under this Policy, the matter will be referred to the Corporate Governance Committee. The Corporate Governance Committee will evaluate all options available, including ratification, revision or termination of such transaction.

### **Transactions with Related Persons, Promoters and Certain Control Persons**

All of the following Related Person Transactions were approved in accordance with the policy described above:

The Transition Services Agreement between Genie Energy Ltd. and IDT Corporation, dated October 28, 2011 (the "TSA"), pursuant to which IDT, which is controlled by Howard S. Jonas, our controlling stockholder and Chairman of the Board, continues 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. Additionally, under the same agreement, Genie provides specified administrative services to certain of IDT's foreign subsidiaries. Furthermore, IDT granted us a license to use the IDT and IDT Energy names for our retail energy provider (REP) business. IDT charged Genie a total of \$1,740,415 for services provided by IDT pursuant to the TSA during 2017. Genie charged IDT for certain payroll allocations in the aggregate amount of \$471,127 during 2017.

On February 15, 2018, the Company's Board of Directors approved, subject to stockholder approval, the sale of (i) 1,152,074 shares of the Company's Class B Common Stock, at a price of \$4.34 per share for an aggregate sales price of \$5 million, and (ii) warrants to purchase an additional 1,048,218 shares of the Company's Class B Common Stock at

an exercise price of \$4.77 per share for an aggregate exercise price of \$5 million, to our Chairman of the Board of Directors, Howard S. Jonas or his affiliates. The warrants will expire two years from the closing of the Sale, which will take place as soon as practicable following stockholder approval, if obtained. As discussed more fully in the Compensation Discussion and Analysis section below, during 2017, Mr. Howard Jonas' total compensation was \$362,481. In August 2017, Mr. Howard Jonas received 210,840 restricted shares of Class B Common Stock that vested immediately in connection with the vesting of 19.33 shares of common stock of GRE in 2017. Mr. Howard Jonas' current annual base salary is \$50,000. In February 2018, the Compensation Committee approved a \$325,000 bonus to Howard Jonas, payable in options to purchase Class B Common Stock, for his performance during 2017.

Michael Jonas is the son of Howard Jonas and brother-in-law to Michael Stein, and Executive Vice President of the Company. As discussed more fully in the Compensation Discussion and Analysis section below, during 2017, Mr. Michael Jonas' total compensation was \$245,004. Michael Jonas' current annual base salary is \$250,000. In February 2018, the Compensation Committee approved a \$50,000 bonus to Michael Jonas for his performance during 2017.

Michael Stein, son-in-law of Howard Jonas and brother-in-law to Michael Jonas was appointed Chief Executive Officer of Genie on November 1, 2017. On March 7, 2017, Mr. Stein was appointed Chief Operating Officer. As discussed more fully in the Compensation Discussion and Analysis section below, during 2017, Mr. Stein's total compensation was \$639,538. In August 2017, Mr. Stein also received 2,084 restricted shares of Class B Common Stock that vested immediately in connection with the vesting of 1.933 shares of common stock of GRE in 2017. On November 1, 2017, in connection with Mr. Stein's appointment as Chief Executive Officer, the Company's Compensation Committee and Board of Directors approved a grant to be made in May 2018 (conditioned on the stockholder's approval of the amendment of the 2011 Plan) of 157,344 restricted shares of the Company's Class B Common Stock. Mr. Stein's current annual base salary is \$350,000. In February 2018, the Compensation Committee approved a \$350,000 cash bonus to Michael Stein for his performance during 2017.

**SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth certain information regarding the beneficial ownership of the Company's Class A Common Stock, Class B Common Stock and Preferred Stock by (i) each person known by the Company to be the beneficial owner of more than 5% of the outstanding shares of the Class A Common Stock, the Class B Common Stock or the Preferred Stock of the Company, (ii) each of the Company's directors, director nominees, and the Named Executive Officers, and (iii) all directors, Named Executive Officers and executive officers of the Company as a group. Unless otherwise noted in the footnotes to the table, to the best of the Company's knowledge, the persons named in the table have sole voting and investing power with respect to all shares indicated as being beneficially owned by them.

Unless otherwise noted, the security ownership information provided below is given as of March 9, 2018, and all shares are owned directly. Percentage ownership information is based on the following amount of outstanding shares: 1,574,326 shares of Class A Common Stock, 23,294,886 shares of Class B Common Stock and 2,322,699 shares of Preferred Stock. The numbers reported for Howard S. Jonas assume the conversion of all 1,574,326 currently outstanding shares of Class A Common Stock into Class B Common Stock.

Name	Number of Shares of Class B Common Stock	Percentage of Ownership of Class B Common Stock	Number of Shares of Preferred Stock	Percentage of Ownership of Preferred Stock	Percentage of Aggregate Voting Power
Howard S. Jonas 520 Broad Street Newark, NJ 07102	6,369,670 <sup>(1)</sup>	21 %	—	—	71.4 %
Ilex Partners, LLC  650 Madison Ave., 17 <sup>th</sup> Floor  New York, NY 10022	1,551,178 <sup>(2)</sup>	6.7 %	—	*	*
Geoffrey Rochwarger	107,452 <sup>(3)</sup>	*	15,453	*	*
Avi Goldin	25,461 <sup>(4)</sup>	*	300 <sup>(5)</sup>	*	*
Michael Jonas	1,862 <sup>(6)</sup>	*	—	—	*

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Michael Stein	44,016	(7)	*	—	—	*
James A. Courter	286,983		1.2	%	—	*
W. Wesley Perry	77,003	(8)	*	—	—	*
Alan Rosenthal	39,403	(9)	*	—	—	*
Allan Sass	21,170		*	6,000	*	*
All directors, Named Executive Officers and executive officers as a group (10 persons)	8,547,346 <sup>(10)</sup>		34.4	% <sup>(11)</sup>	21,753	* 72.2 %

\*Less than 1%.

Voting power represents combined voting power of our Class A Common Stock (three votes per share) and our Class B Common Stock and Preferred Stock (one-tenth of one vote per share). Excludes stock options.

Consists of an aggregate of 1,574,326 shares of the Company's Class A Common Stock and 4,795,344 shares of the Company's Class B Common Stock, consisting of (i) 898,918 shares of the Company's Class B Common Stock held by Mr. Howard Jonas directly of which 210,840 is subject to stockholder approval at the Annual Meeting, (ii) 2,034,262 shares of Class B Common Stock held by the Howard S. Jonas 2017 Annuity Trust, (iii) an aggregate of 7,780 shares of the Company's Class B Common Stock beneficially owned by custodial accounts for the benefit of the children of Mr. Howard Jonas (of which Mr. Howard Jonas is the custodian), (iv) 1,279,337 shares of Class B Common Stock held by the Howard S. Jonas 2014 Annuity Trust, of which Howard Jonas is the trustee, (v) 275,047 shares of Class B Common Stock owned by the Jonas Foundation, and (vi) 300,000 shares of Restricted Stock held by the Howard S. Jonas 2014 Annuity Trust, of which Howard Jonas is the trustee. Does not include

(1) (a) an aggregate of 2,872,913 shares of the Company's Class B Common Stock beneficially owned by trusts for the benefit of the children of Mr. Howard Jonas, as Mr. Howard Jonas does not exercise or share investment control of these shares, (b) 375,033 shares of the Company's Class B Common Stock owned by the Howard S. & Deborah Jonas Foundation, as Mr. Howard Jonas does not beneficially own these shares, (c) 568,088 shares of the Company's Class B Common Stock owned by the 2012 Jonas Family, LLC (Mr. Howard Jonas is a minority equity holder of such entity), (d) 258 ordinary shares of IEI held by Mr. Howard Jonas, (e) 346 ordinary shares of Afek held by Mr. Howard Jonas, (f) 290 shares of common stock of GMI held by Mr. Howard Jonas and (g) deferred stock units representing the right to receive 19.33 shares of common stock of the Company's subsidiary, GRE, held by Mr. Howard Jonas. Under the terms of the grant instruments, Mr. Howard Jonas has the right, under certain circumstances, to convert vested shares of GRE, IEI, Afek and GMI into shares of the Company's Class B Common Stock.

(2) Based on a Schedule 13G/A filed with the Securities and Exchange Commission on February 10, 2017.

Consists of (a) 69,989 shares of the Company's Class B Common Stock held by Mr. Rochwarger directly and (b) options to purchase 37,463 shares of the Company's Class B Common Stock, which are currently exercisable. Does not include (i) 129 restricted ordinary shares of IEI held by Mr. Rochwarger, and (ii) 276 ordinary shares of Afek and 69 restricted ordinary shares of Afek held by Mr. Rochwarger. Under the terms of the grant documents, Mr. Rochwarger has the right, under certain circumstances, to convert vested shares of IEI and Afek into shares of the Company's Class B Common Stock.

(3)

Consists of (a) 11,519 shares of the Company's Class B Common Stock held by Mr. Goldin directly, (b) 1,900 shares of the Company's Class B Common Stock held by Mr. Goldin in his Individual Retirement Account, and (c) options to purchase 12,042 shares of the Company's Class B Common Stock, which are currently exercisable. Does not include (i) 103 ordinary shares of IEI held by Mr. Goldin, (ii) 115 ordinary shares of Afek held by Mr. Goldin, and (iii) 116 shares of common stock of GMI held by Mr. Goldin, and (iv) deferred stock units representing the right to receive 1.27 shares of common stock of the Company's subsidiary, GRE, held by Mr. Goldin. Under the terms of the grant documents, Mr. Goldin has the right, under certain circumstances, to convert vested shares of GRE, IEI, Afek and GMI into shares of the Company's Class B Common Stock.

(4)

(5) Consists of Preferred Stock held in Mr. Goldin's wife's 401(k) account.

(6)

Consists of (a) 931 shares of the Company's Class B Common Stock held by Mr. Michael Jonas directly and (b) 931 shares held by Mr. Michael Jonas' wife. Does not include (i) 1,448 restricted shares of common stock of GMI held by Mr. M Jonas, (ii) 155 shares ordinary shares of IEI held by Mr. Michael Jonas, and (iii) 231 ordinary shares of Afek held by Mr. Michael Jonas. Under the terms of the grant documents, Mr. Michael Jonas has the right, under certain circumstances, to convert vested shares of GMI, IEI and Afek into shares of the Company's Class B Common Stock.

Consists of (a) 42,460 shares of the Company's Class B Common Stock held by Mr. Stein directly and (b) 1,556 shares of the Company's Class B Common Stock held by Mr. Stein's wife. Does not include deferred stock units (7) representing the right to receive 1.93 shares of common stock of the Company's subsidiary, GRE, held by Mr. Stein. Under the terms of the grant document, Mr. Stein has the right, under certain circumstances, to convert vested shares of GRE into shares of the Company's Class B Common Stock.

(8) In addition, Mr. Perry owns 2.5 shares (a 0.2% interest) of the Company's subsidiary, Genie Energy International Corporation.

Consists of (a) 21,403 shares of the Company's Class B Common Stock held by Mr. Rosenthal directly, (b) 2,500 shares of the Company's Class B Common Stock held by Mr. Rosenthal in his Individual Retirement Account, (c) (9) 12,500 shares of the Company's Class B Common Stock held in the Endodontic Associates Retirement Account and (d) 3,000 shares of the Company's Class B Common Stock held by Mr. Rosenthal in three accounts (1,000 shares each) for his three children.

Consists of the shares and options set forth above with respect to the Named Executive Officers and directors (10) (including Howard Jonas' shares of Class A Common Stock, which are convertible into shares of the Company's Class B Common Stock).

(11) Assumes conversion of all of the shares of the Company's Class A Common Stock into shares of the Company's Class B Common Stock.

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Under the securities laws of the United States, the Company's directors, executive officers, and any persons holding more than ten percent or more of a registered class of the Company's equity securities are required to file reports of ownership and changes in ownership, on a timely basis, with the SEC and the New York Stock Exchange. Based on material provided to the Company, the Company believes that all such required reports were filed on a timely basis in 2017, except for the following Form 4 was not filed on a timely basis on behalf of Ira Greenstein for vesting of restricted stock for which shares were withheld for tax purposes.

## **EXECUTIVE COMPENSATION**

### **COMPENSATION COMMITTEE REPORT**

The Compensation Committee has reviewed and discussed with management the following Compensation Discussion and Analysis section of the Company's Proxy Statement related to its 2018 Annual Meeting of Stockholders. Based on our review and discussions, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Genie's Proxy Statement.

Alan Rosenthal, Chairman

W. Wesley Perry

*Notwithstanding anything to the contrary set forth in any of the Company's previous filings under the Securities Act of 1933, as amended (the "Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), that might incorporate future filings, including this Proxy Statement, in whole or in part, the foregoing report shall not be incorporated by reference into any such filings, nor shall it be deemed to be soliciting material or deemed filed with the Securities and Exchange Commission (the "SEC") under the Act or under the Exchange Act.*

### **COMPENSATION DISCUSSION AND ANALYSIS**

The following discussion and analysis of our compensation practices and related compensation information should be read in conjunction with the Summary Compensation table and other tables included in this proxy statement, as well as our financial statements and management's discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the year ended December 31, 2017, which we refer to as the Form 10-K. The following discussion includes statements of judgment and forward-looking statements that involve risks and uncertainties. These forward-looking statements are based on our current expectations, estimates and projections about our industry, our business, compensation, management's beliefs, and certain assumptions made by us, all of which are subject to change. Forward-looking statements can often be identified by words such as "anticipates," "expects," "intends," "plans," "predicts," "believes," "seeks," "estimates," "may," "will," "should," "would," "could," "potential," "contingent," and similar expressions, and variations or negatives of these words and include, but are not limited to, statements regarding projected performance and compensation. Actual results could differ significantly from those projected in the forward-looking statements as a result of certain factors, including, but not limited to, the risk factors discussed in the Form 10-K. We assume no obligation to update the forward-looking statements or such risk factors.



### *Introduction*

It is the responsibility of the Compensation Committee of our Board of Directors to oversee our general compensation policies; to determine the base salary and bonus to be paid each year to each of our executive officers; to oversee our compensation policies and practices as they relate to our risk management; and to determine the compensation to be paid each year to our non-employee directors for service on our Board of Directors and the various committees of our Board. In addition, the Compensation Committee administers our Incentive Plan with respect to stock option grants or other equity-based awards made to our executive officers. Further, from time to time, certain executives may receive grants of equity or similar rights in certain of our subsidiaries. While such grants are also considered by the Boards of Directors of those subsidiaries, the Compensation Committee must approve any grant to our executive officers. Shares of restricted stock are automatically granted to our non-employee directors under the Incentive Plan on an annual basis.

### *Elements of Compensation*

The three broad components of our executive officer compensation are base salary, annual cash bonus awards, and long-term equity-based awards, which can be made in shares of our Class B Common Stock or in equity of certain of our subsidiaries under equity plans or other arrangements. The Compensation Committee periodically reviews total compensation levels and the allocation of compensation among these three components for each of the executive officers in the context of our overall compensation policy. Additionally, the Compensation Committee, in conjunction with our Board of Directors, reviews the relationship of executive compensation to corporate performance generally and with respect to specific enumerated goals that are established by the Compensation Committee early in each year. The Compensation Committee believes that our current compensation structure is serving its intended purpose and is functioning reasonably. Below is a description of the general policies and processes that govern the compensation paid to our executive officers, as reflected in the accompanying compensation tables.

### *Company Performance*

#### *2017*

In 2017, Genie Energy generated \$12.2 million in operating income, and increase from \$2.7 million in 2016. During the year, Afek completed its sixth well, and after determining that it was unlikely to produce commercial quantities of oil or gas, suspended drilling operations and wrote off \$6.5 million in capitalized costs. Following that decision, Genie Energy has sharpened its focus on its retail energy provider businesses.



GRE delivered strong performance despite accruals for legal and regulatory matters, on improved margins from sales of electricity and increased sales of both electricity and natural gas. The company generated \$264.2 million in revenue, \$85.5 million in gross profit and \$17.3 million in operating income. Residential customer equivalents (a standardized measurement of consumption commonly used on the industry and referred to as RCEs) and meters served both increased from the end of 2016 levels.

During 2017, GRE continued to integrate Town Square Energy (TSE) which it acquired in the fourth quarter of 2016, acquired Mirabito Natural Gas, which sells gas to commercial and governmental customers in Florida, in the third quarter, and entered into a joint venture to sell electricity and natural gas in the U.K.

## *2016*

In 2016, GRE delivered a very strong year in terms of financial performance, meeting certain challenges and expansion, and Afek, continued on its development and modified plans based on the results of the exploratory activity to date. The Company reported a net loss attributable to common stockholders of \$26.0 million, or \$1.14 per share, including the impact of a write-down of \$41.0 million in capitalized exploration costs.

GRE generated \$212.1 million in revenue, similar to 2015 levels, and \$76.9 million in gross profit and \$26.5 million in operating income, both significant increases from 2015. Including the impact of the Q4 acquisition of Retail Energy Holdings (that operates retail energy providers, or REPs, under the name Town Square Energy, "TSE"), residential customer equivalents (a standardized measurement of consumption commonly used on the industry and referred to as RCEs) and meters served both increased from the end of 2015 levels.

In November 2016, GRE acquired REH for cash of \$9.5 million plus \$1.4 million for TSE's net working capital (subject to adjustment), and has begun integrating those operations with GRE's existing REP operations. The acquisition expanded the territory served by GRE's REPs and introduced additional customer acquisition methods.

Afek completed drilling its fifth well in the southern portion of its license area. Analysis of the results confirms the presence of a consistent and substantial resource of early-stage matured organics, primarily bitumen and heavy oil.

Based on the data, Afek re-evaluated its prospects and resources and is preparing to drill a sixth exploratory well, Ness 10, which will be the first well located north of the Sheikh-Ali Fault. Reprocessed seismic and other data indicate that the source rock that contained the resource in the southern portion of the license area extends north of the fault, but at

significantly greater depths than in the southern portion. The planned drilling at Ness 10 seeks to confirm the presence of organics at the site and to determine whether the geological conditions necessary to convert early-stage matured organics to light crude are present.

Genie Oil and Gas, or GOGAS, also launched a separate drilling company, Atid Drilling, and is proceeding with purchasing the rig utilized to drill Afek's exploratory wells. Atid will serve as the drilling contractor for the drilling of Ness 10 and opportunistically pursue drilling opportunities for clients in a variety of fields including oil and gas exploration, water resource development and mineral exploration.

GOGAS curtailed its other projects, including the suspension of operations in Mongolia and substantially completed the decommissioning of American Shale Oil Corporation's, or AMSO's, in situ oil shale project in Colorado.

## *2015*

In 2015, both GRE and Afek contributed to a strong year for the Company. The Company reported a net loss attributable to common stockholders of \$8.9 million, or \$0.40 per share, while investing significantly in growth at GRE and executing on Afek's oil and gas exploration program.

GRE increased net meters served by over 8% delivering net meter growth in the last three quarters of 2015, and increased the total RCEs represented by its customer base as well. Gross profit increased on very strong gross margins and GRE's income from operations was \$13.5 million, up from \$3.5 million in 2014.

Afek completed drilling on four wells and commenced drilling a fifth (completed in early 2016) and prepared for a flow test that was initiated in February 2016. The results prove the presence of hydrocarbons at several levels and in multiple wells. The flow test is an essential step in characterizing the resource and determining the nature of the resource and the practicality and cost of extraction.

After a regulatory setback, GOGAS' Israel Energy Initiatives, Ltd., or IEI, oil shale project was put on hold. In an effort to focus resources on Afek's project, operations at Genie Mongolia were scaled back and have subsequently been suspended and GOGAS continued to decline to fund its share of capital contribution to the AMSO LLC joint venture with Total S.A.

The results achieved in 2015, and the Company's financial condition at the end of 2015, provided the necessary support for the Board's February 2016 decision to reinstate a quarterly dividend on the Company's common stock.



*Compensation Structure, Philosophy and Process*

Our executive compensation structure is designed to attract and retain qualified and motivated personnel and align their interests with the goals of the Company and with the best interests of our stockholders. Our compensation philosophy is to provide compensation to attract the individuals necessary for our current needs and growth initiatives, and provide them with the proper incentives to motivate those individuals to achieve our long-term plans.

The annual base salary levels we pay to each of our Named Executive Officers is based on the responsibilities undertaken by the individuals, if applicable, the business unit managed and its complexity and role within the Company, and the market place for people of similar skill and background. The base salaries paid are determined through discussions with the covered individual and their manager as well as budgetary considerations, and are approved by the relevant members of our senior management and, in the case of executive officers, the Compensation Committee.

Incentive compensation is designed to reward contributions to achieving the Company's goals for the current period and for the longer term. Cash bonuses are awarded in the discretion of the Compensation Committee. Near the beginning of a year, the Compensation Committee establishes goals for the Company and for individual executives. The goals are designed to set forth achievable goals for the current performance of the Company and its business units and for current contributions to long-term initiatives. While individual bonus amounts are not linked to specific targets, in evaluating performance and making bonus determinations, the Compensation Committee considers, among other factors, whether the Company met or exceeded the goals outlined, the individual's contribution toward achieving those goals, if relevant, the performance of the business unit over which the individual exercised management and other accomplishments during the year that were deemed relevant in specific instances. In some instances, cash bonuses or targets are set forth in written employment agreements that are described below, and, in 2017, bonus levels for all of GRE were set relative to the Adjusted EBITDA achieved at that business unit. Following the end of a relevant period – usually the end of a year - our management sets company-wide bonus levels for the period then ended, based on Company performance and available resources, which are presented to the Compensation Committee. The bonus amounts awarded to specific individuals are the result of subjective determinations made by the Compensation Committee (with recommendations from the appropriate members of management) with respect to each subject individual, based on Company and individual performance, with consideration given to the performance factors set by the Compensation Committee for the relevant period, and levels relative to the bonuses of other personnel and officers. Except as set forth in employment agreements, individual bonus levels are not determined based on previously established formulae, targets or ranges. The Company does, however, consider target bonuses for specific individuals that are established early in a fiscal year and are based on the prior years' bonuses, the individuals' responsibilities, including with respect to the Company-wide goals established by the Compensation Committee and other factors that management may determine. If established, such targets are used as one data point, among many, in determining actual bonus levels.

Executive officers are eligible to receive cash bonuses, generally of up to 100% of base salary, or higher upon extraordinary performance, based upon performance, including the specific financial and other goals set by the Compensation Committee. Specific bonuses will depend on the individual achievements of executives and their contribution to achievement of the enumerated goals. These goals will be set by the Compensation Committee. As Mr. Howard Jonas receives most of his compensation in equity, his bonus levels are set with respect to bonuses of other executives and performance factors and not linked to his annual base salary levels.

Equity grants are made in order to provide additional incentive compensation and to align the interests of our executives with our stockholders. Executives have been granted equity interests in the Company and, with regard to individuals whose areas of responsibility focus on specific operations, in those operations, so as to better reward the executives for the results of their efforts. Equity grants in subsidiaries are made to align the incentive value with those operations where the individual can have the greatest impact, so as to maximize the incentive value of the grant. When equity grants in subsidiaries are made, the recipients are generally provided with the right to obtain liquidity in those grants through conversion to cash or equity in the Company (at the Company's option) upon vesting or a later date in the future.

#### *Compensation Decisions Made in Covered Periods*

2017

At a meeting held on March 7, 2017, the Compensation Committee approved the following goals for 2017. Consistent with its undertakings to match compensation with company and individual performance, goals have been set for the company as well as for individual executive officers.

#### *Company-Wide Goals*

Successfully drill and analyze the results at Nes 10

Optimize profitability and cash generation at GRE

Continue to grow GRE's customer base and expand into new geographic markets and products

Increase market awareness of Genie and its goals and strategies

*Howard Jonas, Chairman and Chief Executive Officer*

Guide the strategic direction for Genie Energy Ltd. and its divisions

Drive the media and public relations strategy for the company

Work with GRE senior management on new sales strategies

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Work with senior management team to evaluate new complementary business opportunities or acquisitions for Genie business units

Develop strategic relationships with noteworthy US or international figures who influence policies in Genie jurisdictions and/or help attract capital

Develop relationships with new strategic partners or potential investors for both GRE and GOGAS who can help attract capital and/or provide operational expertise.

*Geoff Rochwarger, Vice Chairman of Genie Energy Ltd, Chief Executive Officer of Genie Oil E&P*

Oversee and manage the operations of the Afek exploration program

Complete the drilling and analysis of Ness 10

Establish a drilling company, attract strategic partners for the venture and market to outside customers

Maintain relationships with key service providers and vendors to help implement exploration program and prepare for potential future stages

Manage expenditures, especially during down times when not actively drilling

Management of IT and network management for the company

Work with CEO and CFO to provide necessary support for financial reporting and strategic relationship development

*Avi Goldin, Chief Financial Officer*

Manage Genie's global finance and accounting staff in the US and Israel:

Timely and accurate reporting of quarterly and annual results

Attain clean financial and SOX audits for FY2017

Improve financial and systems oversight and control across the company

Maintain a strong working relationship with external auditors

Optimize spending on corporate level functions

Work closely with internal audit to improve and enhance the control environment, including the integration of new businesses and acquisitions

Manage relationship with IDT Accounting, Human Resources and Information Systems in their provision of services to Genie via the TSA

Work with the CEO and business unit heads on business and corporate development efforts

Lead the continued development of Genie's relationships with the financial community, including investors, bankers and research analysts

Expand Genie's investor relations activities

Perform business unit CFO responsibilities at GRE

Management of the Finance, Accounting, Treasury, MIS, Supply and Risk Management functions

Work with CEO of GRE to Achieve Annual Adjusted EBITDA of \$15MM for GRE, assuming "normal" weather, market and regulatory conditions

*Michael Jonas, Executive Vice President & Director of Global Exploration and Business Development, Chief Executive Officer at Genie Oil & Gas Development*

Direct management responsibilities for Genie's Israeli business development activities

Oversee the public relations, legal and, government relations and permitting functions at Afek

Manage Afek's ongoing Regulatory compliance work, specifically renewals or extensions of key licenses.

Work with Chairman and other executives on new initiatives and work to cultivate relationships with investors and potential partners for Afek

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Establish and build relationships with oil and gas companies who can help attract capital and/or provide operational expertise for Afek

Work with Israeli regulators to advance Afek's exploration project based on the results of exploratory activities towards an economic discovery and, if appropriate, begin the process of licensing commercial production in the license area.

*Michael Stein, then Chief Operating Officer*

Direct management responsibilities for GRE and subsidiaries

Expand GRE's market footprint into new utility regions, geographies and sales channels that match GRE's business model and regulatory requirements

Grow GRE customer/meter base while meeting criteria for profitability and payback

Grow Diversegy's profitability and complete the ongoing refocusing of the Network Marketing channel

Work with the CEO and CFO on business and corporate development efforts

Achieve Annual Adjusted EBITDA of \$15MM for GRE, assuming "normal" weather, market and regulatory conditions

Lead efforts to fully integrate Town Square Energy and future acquisitions into GRE operations.

*Compensation Approach for 2017*

Except as provided in written agreements, or where an individual assumed additional responsibility or delivered extraordinary performance, raises were restricted to employees earning under \$175,000 in annual base compensation or \$200,000 in annual total compensation, and raises were limited to three percent of annual base compensation. Bonuses at GRE were reflective of the gross margins and bottom line performance of that business during 2017, and were determined to be in an aggregate amount of 5.5% of Adjusted EBITDA (which is a financial metric used to measure performance of the GRE segment internally) with adjustment for a portion of the accruals taken for legal and regulatory settlements. Bonuses for GOGAS' Israel-based employees were generally limited to those with guaranteed bonuses under employment agreements. Bonuses for corporate-level employees were generally consistent with 2016

levels, subject to adjustment for contributions to GRE performance. Company-wide, base compensation for 2018 was increased by 2.4% over 2017 levels.

At a meeting held on March 7, 2018, management reported to the Compensation Committee on Company and individual performance in 2017 relative to the previously determined goals and made recommendations for bonuses to be paid in respect of 2017 and base compensation levels for 2018.

#### *Cash Bonuses Awarded in Respect of 2017*

In connection with Company and individual performance and accomplishments, individual bonus levels were determined and paid in the first quarter of 2018.

Howard Jonas received a bonus of \$325,000, the same bonus level as was awarded to him for 2017. Subject to approval by the stockholders of the Company (see Proposal No. 5), such bonus is to be paid in the form of options to purchase Class B Common Stock with a value of \$325,000 on the date the bonus was approved. During 2017, Mr. Jonas provided active oversight and strategic guidance over all Company operations. He maintained and enhanced relationships with strategic partners and engaged in discussions with existing and newly identified parties related to potential financing for Afek's exploratory activities, the growth of Atid Drilling Ltd.'s ("Atid") business as well as financing for the Company as a whole. Mr. Jonas' direction contributed to the decisions that led to GRE's geographic expansion and organic growth and improved bottom-line performance. Mr. Jonas was actively involved in directing and managing efforts at Afek and Atid.

Mr. Stein was awarded an annual bonus of \$350,000 in respect of 2017, the same bonus level as was awarded to him for 2015. In addition to that bonus, Mr. Stein received a bonus of \$23,500 in November 2017 upon assuming the role of Chief Executive Officer of the Company. In 2017, Mr. Stein's primary role was as Chief Executive Officer of GRE, while also assisting in corporate-level management and decision making and assuming the CEO role of the Company in November. As CEO of GRE, Mr. Stein was the primary executive in making and implementing the strategic decisions that led to the growth of GRE and its improved financial performance in 2017. He directed the geographic expansion of GRE's REP operations, through organic growth, integration of TSE, the Mirabito acquisition and the UK joint venture. Under his management, GRE substantially exceeded its Adjusted EBITDA performance target. In 2017, the scope of Diversegy's operations were expanded while managing costs. Mr. Stein helped guide GRE through the successful resolution of legal and regulatory matters.

Mr. Rochwarger was awarded a bonus of \$200,000 compared to a bonus of \$100,000 for 2016. In 2017, Mr. Rochwarger was also paid an additional \$175,000 bonus for performance during prior periods. During 2017, Mr. Rochwarger directed Afek's drilling and related operations, including a shift to the Northern portion of Afek's license area, completion of the sixth well and the analysis of all results. With Mr. Howard Jonas, he was primarily responsible for the decision as to the direction of Afek's program and the necessary spending levels. Simultaneously, Mr. Rochwarger led the launch of Atid, including the purchase of a drilling rig and negotiations of drilling contracts as

well as relationships with strategic partners and key vendors. Mr. Rochwarger designed and implemented Afek's changes to personnel and spending levels relative to its reduced operational level. At the corporate level, Mr. Rochwarger supervised and directed IT and network management for the company.

Mr. Goldin was awarded a bonus of \$225,000 for 2017, a decrease from the \$250,000 bonus awarded to him in 2016. His employment agreement in effect for 2017, provided for a minimum bonus of \$100,000 plus an additional target bonus of \$75,000. His actual bonus level was determined, in part, due to Mr. Goldin's direct contribution to GRE's financial and operational performance, as well as his contributions to the growth at GRE, particularly related to acquisitions and integration. During 2017, Mr. Goldin continued to manage the Company's internal finance functions and management of the accounting and finance staff at the Company's operations in the U.S. and Israel, and had direct primary responsibility for financial oversight at GRE and its subsidiary operations. Mr. Goldin continued the effort to improve the internal control environment at the Company, and worked closely with the Audit Committee and the external auditors. He worked with management of the Company's operating divisions on acquisitions, organic growth, expansion into new offerings and changes to operations, and was instrumental in driving improved performance at GRE. He was a key individual in investor relations efforts and possible fundraising activities. Mr. Goldin was the primary executive tasked with managing the relationship with IDT personnel providing services to the Company.

Michael Jonas was awarded a bonus of \$50,000 in respect of 2017, unchanged from the bonus he received in respect of 2016. During 2017, Michael Jonas managed regulatory matters, including compliance, public relations and related efforts at Afek and other business development activities in Israel. Under his management, Afek's license and permit were extended and the necessary approvals for drilling Afek's sixth exploratory well were obtained. He worked with other executives in fundraising and cost cutting efforts at Afek and evaluated potential development activities for GOGAS.

#### *Base Salaries*

Howard Jonas received the majority of his base salary for 2017 (as well as other periods) in the form of the right to purchase 3.6 million shares of the Company's Class B Common Stock, which was effected in July through August 2014, and was approved by the stockholders of the Company at the 2015 annual meeting. The purchase price for the 3.6 million shares of the Company's Class B Common Stock was \$6.82 per share, the fair market value at the time the agreement was approved by the Compensation Committee. The current arrangement lasts for six years, ending in 2020. The purchased shares are subject to repurchase by the Company at the original purchase price if Mr. Jonas leaves the employ of the Company under certain conditions, which right lapses over the six-year term of the arrangement. Mr. Jonas receives a cash salary, currently \$50,000 per year, to facilitate his participation in certain employee benefit plans maintained by the Company. In November 2017, in connection with Mr. Jonas ceasing to act as Chief executive Officer of the Company, the Company and Mr. Jonas amended his employment agreement without changing the provisions for base compensation for the scheduled term of the agreement.

Mr. Rochwarger's base salary for 2018 was \$500,000 in accordance with his employment agreement with the Company, and in accordance with that agreement, his base salary for 2018 will remain unchanged.

Mr. Goldin's base salary for 2017 was \$300,000, in accordance with his employment agreement with the Company as then in effect. Effective January 1, 2018, the Company and Mr. Goldin entered into a further amended employment agreement (discussed in detail below) that set his base compensation for 2018 at \$350,000.

Mr. Stein's base salary for most of 2017 was \$250,000. It was increased to \$350,000 in November 2017 upon his assumption of the role of Chief Executive Officer of the Company, and remains at that level for 2018.

Michael Jonas' base salary for 2017 was \$250,000 and remains at that level for 2018.

### *Incentive Equity Grants*

The Compensation Committee on November 1, 2017, in connection with Mr. Stein's appointment as Chief Executive Officer approved, a grant to be made in May 2018 (conditioned on the stockholder's approval of the amendment of the 2011 Plan) of 157,344 restricted shares of the Company's Class B Common Stock.

Upon the vesting of certain deferred stock units in GRE awarded in prior periods, because there was no public market for the underlying shares at the time of vesting, the Company elected to pay the value of the vested awards in grants of shares of Class B Common Stock. At such time, Mr. Howard Jonas received a grant of 210,840 shares of Class B Common Stock, subject to stockholder approval, Mr. Stein received a grant of 21,084 shares of Class B Common Stock and Mr. Goldin received a grant of 13,814 shares of Class B Common Stock, each in respect of the value of the portion of the award that vested in 2017.

### *Employment Agreements Entered into in 2017*

In connection with the scheduled expiration of his employment agreement, Mr. Goldin and the Company entered into a Second Amended and Restated Employment Agreement. The revised agreement is more fully described below.

In connection with his departure from the role of Chief Executive Officer of the Company, but remaining as Chairman of the Board, Howard Jonas and the Company entered into a Third Amended Employment Agreement. The revised agreement is described below and does not impact his base compensation during 2018.



2016

At a meeting held on March 3, 2016, the Compensation Committee approved the following goals for 2016. Consistent with its undertakings to match compensation with company and individual performance, goals have been set for the company as well as for individual executive officers.

*Company-Wide Goals*

Successfully conduct flow tests on the Afek exploration wells and analyze the results

Optimize profitability and cash generation at GRE

Continue to grow the customer base of the REPs owned by GRE and expand into new geographic markets and products

Increase market awareness of Genie and its goals and strategies

*Howard Jonas, Chairman and Chief Executive Officer, Genie Energy Ltd., and Chief Executive of Genie Israel*

Continue to guide the strategic direction for Genie Energy Ltd., GRE and GOGAS

Drive the media and public relations strategy for the company

Propose and work with senior management team to evaluate new complementary business opportunities or acquisitions for Genie business units

Develop strategic relationships with noteworthy U.S. or international figures who influence policies in Genie jurisdictions and/or help attract capital

Develop relationships with new strategic partners or potential investors for both GRE and GOGAS who can help attract capital and/or provide operational expertise

*Geoffrey Rochwarger, Vice Chairman of Genie Energy Ltd., and Chief Executive Officer of Genie Israel E&P*

Oversee and manage Afek operations for its exploration program

Complete the drilling and analysis of the fifth exploration well

Initiate and run Afek's well flow test program in up to seven zones in one to two completed wells

Maintain relationships with key service providers and vendors responsible to help implement exploration program and prepare for potential future stages

Help manage expenditures, especially during down times when not actively drilling

Work with CEO and CFO to provide necessary support for financial reporting and strategic relationship development

*Avi Goldin, Chief Financial Officer*

Manage Genie's global finance and accounting staff in the U.S. and Israel:

Timely and accurate reporting of quarterly and annual results

Attain clean financial and SOX audits for FY2016

Improve financial and systems oversight and control across the company

Maintain a strong working relationship with external auditors

Work closely with internal audit to improve and enhance the Company's control environment

Manage relationship with IDT Accounting, Human Resources and Information Systems in their provision of services to Genie via the Transition Services Agreement

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Work with the CEO and business unit heads on business and corporate development efforts

Assist in executing transactions with potential strategic and/or financial implications for the Company

Lead the continued development of Genie's relationships with the financial community, including investors, bankers and research analysts

Expand Genie's investor relations activities

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Oversee integration of new acquisitions into internal control environment and corporate infrastructure

Perform business unit CFO responsibilities at GRE

Management of the Finance, Accounting, MIS, Supply and Risk Management functions

Work with CEO of GRE to achieve Annual Adjusted EBITDA of \$10-15MM for GRE, assuming “normal” weather, market and regulatory conditions

*Michael Jonas, Executive Vice President & Director of Global Exploration and Business Development*

Directly manage Genie’s Israeli business development activities

Oversee the public relations, legal and, government relations and permitting functions at Afek

Support the successful execution of the planned exploration program in Afek’s license area, including possible additional areas or approaches

Manage Afek’s ongoing regulatory compliance work, specifically renewals or extensions of key licenses.

Lead the evaluation and execution of new business initiatives for Genie Oil and Gas

Lead the effort to cultivate relationships with investors and potential partners for Afek

Establish and build relationships with oil & gas companies who can help attract capital and/or provide operational expertise for GOGAS projects

Work with Israeli regulators to advance Afek’s exploration project based on the results of the flow testing towards an economic discovery and begin the process of licensing commercial production in the license area

*Michael Stein, Chief Operating Officer (effective March 7, 2016) and Chief Executive Officer – GRE*

Manage GRE and subsidiaries

Expand market footprint for the REPs owned by GRE into new utility regions, geographies and sales channels that match GRE's business model and regulatory requirements

Grow customer/meter base for REPs owned by GRE while meeting criteria for profitability and payback

Grow Diversegy's profitability and complete the ongoing refocusing of Network Marketing channel

Start solar business unit and achieve modest 1st year sales goals

Achieve Annual Adjusted EBITDA of \$10-15 million for GRE (on a consolidated basis), assuming normal weather, market and regulatory conditions

#### *Compensation Approach for 2016*

Except as provided in written agreements, or where an individual assumed additional responsibility or delivered extraordinary performance, raises were restricted to employees earning under \$175,000 in annual base compensation or \$200,000 in annual total compensation, and raises were limited to three percent of annual base compensation. Bonuses at GRE were reflective of the gross margins and bottom line performance of that business during 2016, and were determined to be in an aggregate amount of 4.8% of Adjusted EBITDA (which is a financial metric used to measure performance of the GRE segment internally). Bonuses for GOGAS' Israel-based employees were limited to certain key personnel. Bonuses for corporate-level employees were generally consistent with 2015 levels, subject to adjustment for contributions to GRE performance. Company-wide, base compensation for 2017 was increased by 1.7% over 2016 levels.

#### *Cash Bonuses Awarded in Respect of 2016*

In connection with Company and individual performance and accomplishments, individual bonus levels were determined and paid in the first quarter of 2017.

Howard Jonas received a bonus of \$325,000, the same bonus level as was awarded to him for 2015. During 2016, Mr. Jonas provided active oversight and strategic guidance over all Company operations. He maintained and enhanced relationships with strategic partners and engaged in discussions with existing and newly identified parties related to investments in certain of the Company's subsidiaries. Mr. Jonas' direction contributed to the decisions that led to GRE's

growth and improved bottom-line performance. Mr. Jonas was actively involved in directing and managing efforts at Afek, including making and implementing the decisions as to direction and spending for that project.

Mr. Stein was awarded a bonus of \$350,000 in respect of 2016, an increase from \$207,446 awarded in respect of 2015. In 2016, Mr. Stein's primary role was as Chief Executive Officer of GRE, while also assisting in corporate-level management and decision making. As CEO of GRE, Mr. Stein was the primary executive in making and implementing the strategic decisions that led to the growth of GRE and its improved financial performance. He directed the geographic expansion of GRE's REP operations and the acquisition of TSE. Under his management, GRE substantially exceeded its Adjusted EBITDA performance target. In 2016, GRE launched its solar energy offering and Diversegy's operations were rationalized and more fully integrated, delivering improved bottom line contribution. Mr. Stein helped guide GRE through regulatory challenges and the resolution of regulatory matters as well as the progress toward resolution of other legal matters. In March 2017, Mr. Stein was named as Chief Operating Officer of the Company in addition to his role as CEO of GRE.

Mr. Rochwarger was awarded a bonus of \$100,000, unchanged from his 2015 bonus. During 2016, Mr. Rochwarger directed Afek's drilling operations, including the completion of the fifth well, the conduct of the well flow tests, and the analysis of all results. With Mr. Howard Jonas, he was primarily responsible for the decision as to the direction of Afek's program and the necessary spending levels. Mr. Rochwarger was instrumental in fundraising efforts for Afek's drilling program. He has maintained relationships with key vendors and partners and established new relationships as Afek's program was modified. He was the primary executive responsible for the development and launch of Atid Drilling and the establishment of the relationships with partners for that new venture. Mr. Rochwarger designed and implemented Afek's changes to personnel and spending levels relative to its reduced operational level.

Mr. Goldin was awarded a bonus of \$250,000 for 2016, an increase from the \$207,234 bonus awarded to him in 2015. His employment agreement, as amended, provided for a minimum bonus of \$100,000 plus an additional target bonus of \$75,000. His actual bonus level was determined, in part, due to Mr. Goldin's direct contribution to GRE's financial and operational performance. During 2016, Mr. Goldin continued to manage the Company's internal finance functions and management of the accounting and finance staff at the Company's operations in the U.S. and Israel, and had direct primary responsibility for financial oversight at GRE and its subsidiary operations. Mr. Goldin continued the effort to improve the internal control environment at the Company, including expanding a dedicated internal audit team, and worked closely with the Audit Committee and the external auditors. He worked with management of the Company's operating divisions on acquisitions, organic growth, expansion into new offerings and changes to operations, and was instrumental in driving improved performance at GRE. His role included budgeting and analysis of data. He was a key individual in investor relations efforts and fundraising activities. Mr. Goldin was the primary executive tasked with managing the relationship with IDT personnel providing services to the Company.

Michael Jonas was awarded a bonus of \$50,000 in respect of 2016, an increase from the \$15,000 he received in respect of 2015. During 2016, Michael Jonas continued to manage the suspension of operations in Mongolia, and assumed responsibility for regulatory matters, public relations and related efforts at Afek. Under his management, Afek's license and permit were extended and the necessary approvals for drilling Afek's sixth exploratory well were obtained. He worked with other executives in fundraising and cost cutting efforts at Afek and evaluated potential development activities for GOGAS.

*Base Salaries*

Howard Jonas received the majority of his base salary for 2016 (as well as other periods) in the form of the right to purchase 3.6 million shares of the Company's Class B Common Stock, which was effected in July through August 2014, and was approved by the stockholders of the Company at the 2015 annual meeting. The purchase price for the 3.6 million shares of the Company's Class B Common Stock was \$6.82 per share, the fair market value at the time the agreement was approved by the Compensation Committee. The current arrangement lasts for six years beginning in 2014. The purchased shares are subject to repurchase by the Company at the original purchase price if Mr. Jonas leaves the employ of the Company under certain conditions, which right lapses over the six-year term of the arrangement. Mr. Jonas receives a cash salary, currently \$35,000 per year, to facilitate his participation in certain employee benefit plans maintained by the Company.

Mr. Rochwarger's base salary for 2016 was \$500,000 in accordance with his employment agreement with the Company, and in accordance with that agreement, his base salary for 2017 will remain unchanged.

Mr. Goldin's base salary for 2016 was \$300,000, in accordance with his amended employment agreement with the Company, and in accordance with that agreement, his base salary for 2017 will remain unchanged.

Mr. Stein's base salary for 2016 was \$250,000 and remains at that level for 2017.

Michael Jonas' base salary for 2016 was \$250,000 and remains at that level for 2017.

*Incentive Equity Grants*

In 2016, no awards of equity interests in the Company or any of its subsidiaries were made to any of our executive officers, although certain grants made in prior years continued to vest in accordance with their terms in 2016.

Upon the vesting of certain deferred stock units in GRE awarded in prior periods, because there was no public market for the underlying shares at the time of vesting, the Company elected to pay the value of the vested awards in cash. At such time, Mr. Howard Jonas received \$1,224,877, Mr. Stein received \$122,488 and Mr. Goldin received \$80,251, each in respect of the value of the portion of the award that vested in 2016.



2015

*Goals for 2015*

At a meeting held on March 10, 2015, the Compensation Committee approved the following goals for 2015. Consistent with its undertakings to match compensation with company and individual performance, goals have been set for the company as well as for individual executive officers.

*Company-Wide Goals*

Successfully drill 2-3 exploration wells on the exploration license for Northern Israel

Optimize profitability and cash generation at GRE

Continue to grow GRE's customer base and expand into new geographic markets

Increase market awareness of Genie and its goals and strategies

*Howard Jonas, Chairman and Chief Executive Officer, GNE and Chief Executive Officer of Genie Israel*

Continue to guide the strategic direction for Genie Energy Ltd., GRE and GOGAS

Guide the media and public relations strategy for the Company

Develop relationships with new strategic partners or potential investors for both GRE and GOGAS

Develop strategic relationships with noteworthy U.S. or international figures who influence policies in Genie jurisdictions and/or help attract capital

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Establish relationships with oil & gas players who can help attract capital and/or provide operational expertise for GOGAS projects

Propose and work with senior management team to evaluate new complementary business opportunities or acquisitions for Genie business units

*Geoffrey Rochwarger, Vice Chairman of Genie Energy Ltd., Chief Executive Officer of Genie Retail Energy*

Expand GRE's market footprint into new utility regions, geographies and sales channels that match GRE's business model and regulatory requirements

Grow GRE customer/meter base while meeting criteria for profitability and payback

Achieve Annual Adjusted EBITDA at or above budgeted target for GRE, assuming "normal" weather and market conditions

Oversee and manage the Afek drilling project in conjunction with the CEO

Provide leadership and management support for Genie Israel operations

*Avi Goldin, Chief Financial Officer*

Manage Genie's global finance and accounting staff in the U.S., Israel and Mongolia

Timely and accurate reporting of quarterly and annual results

Attain clean financial and SOX audits for 2015

Improve financial oversight and control across the company

Manage relationship with IDT Accounting, Internal Audit and Information Systems via the TSA

Assist in improving the operational and financial performance of GRE

