SANMINA-SCI CORP
Form 10-Q
August 01, 2011

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 10-Q
(Mark one)

[x] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended July 2, 2011
or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to .

Commission File Number 0-21272
Sanmina-SCI Corporation
(Exact name of registrant as specified in its charter)

Delaware (State or other jurisdiction of incorporation or organization)	77-0228183 (I.R.S. Employer Identification Number)
2700 N. First St., San Jose, CA (Address of principal executive offices)	95134 (Zip Code)

(408) 964-3500
(Registrant's telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (Section 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes [x] No [ ]

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of “large accelerated filer,” “accelerated filer,” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer [x]	Accelerated filer [ ]	Non-accelerated filer [ ] (Do not check if a smaller reporting company)	Smaller reporting company [ ]

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
Yes [ ]   No [x]

As of July 28, 2011, there were 80,657,540 shares outstanding of the issuer's common stock, $0.01 par value per share.

SANMINA-SCI CORPORATION

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SANMINA-SCI CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS

	As of July 2, 2011 (Unaudited) (In thousands)	October 2, 2010
ASSETS		
Current assets:		
Cash and cash equivalents	$582,816	$592,812
Accounts receivable, net of allowances of $16,204 and $16,752, respectively	1,042,092	1,018,612
Inventories	885,502	844,347
Prepaid expenses and other current assets	125,205	134,238
Total current assets	2,635,615	2,590,009
Property, plant and equipment, net	562,766	570,258
Other	118,247	141,529
Total assets	$3,316,628	$3,301,796
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$958,075	$923,038
Accrued liabilities	134,483	140,371
Accrued payroll and related benefits	125,636	122,934
Short-term debt	60,400	65,000
Total current liabilities	1,278,594	1,251,343
Long-term liabilities:		
Long-term debt	1,151,883	1,240,666
Other	136,851	148,186
Total long-term liabilities	1,288,734	1,388,852
Commitments and contingencies (Note 6)		
Stockholders' equity	749,300	661,601
Total liabilities and stockholders' equity	$3,316,628	$3,301,796

See accompanying notes.

SANMINA-SCI CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Nine Months Ended
	July 2, 2011	July 3, 2010	July 2, 2011
	(Unaudited)		
	(In thousands, except per share data)		
Net sales	$1,674,200	$1,625,170	$4,905,709
Cost of sales	1,542,599	1,501,055	4,529,230
Gross profit	131,601	124,115	376,479
Operating expenses:			
Selling, general and administrative	67,043	65,392	187,726
Research and development	5,797	3,057	14,877
Amortization of intangible assets	958	926	2,875
Restructuring and integration costs	6,336	6,196	15,885
Asset impairment	—	600	85
Gain on sales of long-lived assets, net	(1,440)	(13,796)	(3,465)
Total operating expenses	78,694	62,375	217,983
Operating income	52,907	61,740	158,496
Interest income	356	558	1,490
Interest expense	(24,843)	(27,119)	(77,773)
Other income (expense), net	(14,767)	(2,046)	(11,489)
Interest and other, net	(39,254)	(28,607)	(87,772)

Income before income taxes	13,653	33,133	70,724

Fixed Rate Products or Guaranteed Pricing Programs could result in los
prices accurately.

REPs and utilities offering fixed rate products or guaranteed pricing oft
response to volatility in the prices of the underlying commodities or cha
commodity prices, these fixed rate programs expose us to the risk that w
contracts. GRE's meters enrolled in offerings with fixed rate characteris
during December 2017.

However, it is difficult to predict future commodity costs. Any shortfall
programs will reduce our working capital and profitability. Our inabilit
these programs could have an adverse effect on our profitability and cas

GRE's growth depends in part on its ability to enter new markets.

New markets for our business are determined based on many factors, w
REP businesses ability to procure energy in an efficient and transparent
is a real time market that reflects a fair price for the commodity for all p
for GRE's REP businesses, we will expend substantial efforts to obtain
acquisition costs and there can be no assurance that we will be successf
differences between the markets that we currently operate in and new m
additional churn caused by tariff requirements, rate-setting requirement
licensed in, and enter new territories may have a material negative impa
operations.

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The Company is subject to laws and regulations worldwide, changes to
in the aggregate adversely affect the Company's business.

As the Company is expanding its operations geographically, including o
subject to laws and regulations affecting its domestic and international o
and regulations affect the Company's activities including, but not limite

Compliance with these laws, regulations and similar requirements may b
jurisdiction to jurisdiction, further increasing the cost of compliance and
as a result of changes in these laws and regulations or in their interpretat
Company's products and services less attractive to the Company's custo
regions, or cause the Company to change or limit its business practices.
designed to ensure compliance with applicable laws and regulations, but
contractors, or agents will not violate such laws and regulations or the C

The Company's business is subject to the risks of international operatio

As the Company grows its international operations, it may derive a sign
operations. Compliance with applicable U.S. and foreign laws and regul
anti-corruption laws, tax laws, foreign exchange controls and cash repat
laws, labor laws and anti-competition regulations, increases the costs of
Company has implemented policies and procedures to comply with thes
employees, contractors, or agents could nevertheless occur. In some cas
could violate the laws and regulations of another country. Violations of
the Company's brand, international growth efforts and business.

The Company also could be significantly affected by other risks associa
economic and labor conditions, increased duties, taxes and other costs a
credit and collectability risk on its trade receivables with customers in c
Company can effectively limit its credit risk and avoid losses.

Unfair business practices or other activities of REPs may adversely affe

Competitors in the highly competitive REP market have engaged in unf
engaging in unfair business practices create an unfavorable impression a
bodies. Such unfair practices by other companies can adversely affect ou
successes, failures or other activities of various REPs within the market
market. Further, such practices can lead to regulatory action, such as the
and the industry.

Demand for REP services and consumption by customers are significan

Typically, colder winters and hotter summers create higher demand and
Milder than normal winters and/or summers may reduce the demand for
results.

Unusual weather conditions may have significant direct and indirect im

A confluence of issues in January and February 2014 associated with th
extraordinarily large spikes in the prices of wholesale electricity and nat
purchase their supply. Repeats of the circumstances or similar circumsta
future, and we could find it necessary to take similar or other actions tha
and results of operations.

Because our variable pricing plan resulted in increased prices charged to
utilities and fixed price REPs appeared to have more attractive pricing,
to mitigate an increase in churn could result in decreases in meters serve

The retail electricity price increases discussed above resulted in large nu
state utility commissions, state attorneys general and state legislators. ID
informal customer complaints to state utility commission and state attor
Energy has responded to each customer complaint it has received and at
GRE's REPs also paid approximately $5 million in rebates to affected c
was not under any obligation to provide such rebates and did so in orde
notwithstanding that the underlying cause of the price increase was bey

If certain REPs, however, are determined to have acted in a manner that
to the reputational harm.

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GRE is subject to litigation that may limit its operations.

In connection with the events described in the Risk Factor above entitle
and indirect impacts on GRE's business and results of operations", IDT
suits in New York, New Jersey and Pennsylvania, partially related to th
more fully discussed below in Item 3 "Legal Proceedings" in this Annu
the Pennsylvania Attorney General's Office and the Acting Consumer A
or finding of wrongdoing by IDT Energy.

IDT Energy does not believe that it was at fault or acted in any way im
we cannot predict the outcome of putative class action litigation or the i
other impacts from the conditions that existed in winter 2014. Further, a
customers from future similar events, we cannot assure that those actio
in the future.

Such class action lawsuits or other claims against us could have a mate
position or results of operations.

Regulatory conditions can affect the amount of taxes and fees we need t

We are subject to audits in various jurisdictions for various taxes, inclu
Aggressive stances taken recently by regulators increase the likelihood
with these audits. In the future, we may seek to pass such charges along
our pricing advantages.

Commodity price volatility could have an adverse effect on our cost of

Volatility in the markets for certain commodities can have an adverse in
natural gas that GRE sells to its customers. In our fixed or guaranteed p
due to customer or competitive factors, we may not always be able or c
would have an adverse impact on our margins and results of operations.
natural gas related to the cost of the underlying commodities can lead to
costs, our variable pricing model and commodity purchasing approach c

all or some portion of our increased costs to our customers.

We face risks that are beyond our control due to our reliance on third pa
transmission infrastructure within the United States.

Our ability to provide energy delivery and commodity services depends
among others, BP, NYISO and PJM. Our reliance on the electrical powe
United States makes us vulnerable to large-scale power blackouts. The l
to generate or transmit electricity due to extreme weather conditions, bro
greatly reduce our potential earnings and cash flows.

The REP business, including our relationship with our suppliers, is depe

Our business involves entering into contracts to purchase large quantitie
fluctuations, we are generally required to purchase electricity or natural
recover such amounts from revenues. Certain of GRE's REPs have a Pr
purchase electricity and natural gas at market rate plus a fee. The agreem
is scheduled to terminate on November 30, 2019. In addition to other ad
security with BP. There can be no assurance that we will be able to main
their required credit rating, or that the agreement will be renewed upon i
of the BP agreement may increase as we enter other markets. Difficulty
reasonable terms may adversely affect our business, prospects and finan

A revision to certain utility best practices and programs in which we par
operations and adversely affect our results and operations.

Certain retail access "best practices" and programs proposed and/or requ
most of the service territories in which we operate. One such practice is
which certain utilities purchase customer receivables for approximately
the customer receivables without recourse against a REP. This program

The REP business depends on maintaining the licenses in the states we o
our business, prospects and financial conditions.

GRE's REP businesses require licenses from public utility commissions
Those agencies may impose various requirements to obtain or maintain
have been focusing on the REP industry and the treatment of customers
industry in general and GRE in particular or any increase in customer co
affect our relationship with the various commissions and regulatory age
licenses to expand operations or maintain the licenses currently held. In
adopted more aggressive policies toward REPs, including the action aga
Annual Report. Any loss of our REP licenses would cause a negative im
cash flow.

The REP business depends on the continuing efforts of our management
knowledge and our efforts may be severely disrupted if we lose their ser

Our success depends on key members of our management team, the loss
also requires a capable, well-trained workforce to operate effectively. Th
qualified personnel, the loss of whom may adversely affect our business

We could be harmed by network disruptions, security breaches, or other
and related systems.

To be successful, we need to continue to have available a high capacity,
company, of a security breach, whether through cyber-attack, malware,
our IT infrastructure and related systems. We face a risk of a security br
proprietary or classified information on our systems. Certain of our pers
cyber-attacks. The secure maintenance and transmission of our informat
technology and other systems that maintain and transmit our informatio
compromised by a malicious third party penetration of our network secu
partner, or impacted by advertent or inadvertent actions or inactions by
business partner. As a result, our information may be lost, disclosed, acc

Although we make significant efforts to maintain the security and integr
no assurance that our security efforts and measures will be effective or t

successful or damaging, especially in light of the growing sophistication
anticipate all potential types of attacks or intrusions or to implement ade

Network disruptions, security breaches and other significant failures of t
functioning of these networks and systems, and therefore, our operation
loss, theft, misappropriation or release of our proprietary, confidential, s
secrets, which others could use to compete against us or for disruptive, d
require significant management attention or financial resources to remed
result in a loss of business, damage our reputation or expose us to litigat
results of operations, financial condition and cash flows.

Our growth strategy depends, in part, on our acquiring complementary b
which we may be unable to do.

Our growth strategy is based, in part, on our ability to acquire businesse
operations. We may also seek to acquire other businesses. The success o
to accomplish the following:

identify suitable businesses or assets to buy;

complete the purchase of those businesses on terms acceptable to us;

complete the acquisition in the time frame we expect;

improve the results of operations of the businesses that we buy and succ

avoid or overcome any concerns expressed by regulators, including anti

There can be no assurance that we will be successful in pursuing any or
strategy could have an adverse effect on other aspects of our business st
find appropriate acquisition candidates, acquire those candidates that we
profitably.

Risks Related to Genie Oil and Gas

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

We do not have any current production of oil and gas. We cannot assure
commercially profitable quantities. Our ability to produce and market oi
operate our planned projects and facilities, which may be affected by ev
cost or results of such projects or facilities, including:

Energy commodity prices relative to production costs;

The occurrence of unforeseen technical difficulties;

The outcome of negotiations with potential partners, governmental ager

Changes to existing legislation or regulation governing our current or pl

Our ability to obtain all the necessary permits to operate our facilities;

Changes in operating conditions and costs, including costs of third-party
access to power sources; and

Security concerns or acts of terrorism that threaten or disrupt the safe op

Operating hazards and uninsured risks with respect to the contract drillin
effects on our operations.

Our contract drilling and research, exploration and, if successful, develo
to those normally incident to the exploration for and the development ar
uncontrollable flows of oil, gas or well fluids, fires, pollution and other
result in substantial losses due to injury or loss of life, severe damage to
other environmental damage and suspension of operations. While as a m

these risks, such insurance may not cover the particular hazard and may
significant event adversely affecting any of our operations could have a
continued operations and could expose us to material liability.

Genie Oil and Gas' dependence on contractors, equipment and professio
increased costs and possibly material delays in their respective work sc

The costs for our operations may be more expensive than planned or the
delays in our drilling and operating schedule and we may not be able to
professional personnel we need for our planned operations are not availa
on short notice for work in such location, and, therefore, we may need to
the factors specified above may result in increased costs and delays.

Genie Oil and Gas' success depends on the continuing efforts of key per
severely disrupted if we lose their services.

Our future success depends, to a significant extent, on our ability to attr
with expertise in the oil and gas industry. There is substantial competiti
assurance that we will be able to attract or retain our qualified technical
more of these people, and the ability to find suitable replacements withi
material adverse effect on our operations.

Genie Oil and Gas is subject to regulatory, legal and political risks that

Our operations and potential earnings may be affected from time to tim
including laws and regulations related to environmental or energy secu
renewable energy sources and the risks of global climate change and le
in both number and complexity and affect our operations with respect to

The discharge of pollutants into the environment;

The handling, use, storage, transportation, disposal and cleanup of haza

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The dismantlement, abandonment and restoration of our properties and

Restrictions on exploration and production;

Loss of petroleum rights, including key leases, licenses or permits;

Tax or royalty increases, including retroactive claims;

Political instability, war or other conflicts in areas where we operate.

The oil and gas industry is subject to the general inherent industry and e

The oil and gas business is fundamentally a commodity business. This n
earnings may be significantly affected by changes in oil and gas prices a
refined products.

We may be exposed to infringement or misappropriation claims by third
to lose significant rights and pay significant damage awards.

Our success depends, among other things, on our ability to use and deve
intellectual property rights of third parties. The validity and scope of cla
legal and factual questions and analysis. It is therefore difficult to accura
are infringing on its intellectual property or whether it would prevail. Al
any parties pursuing or intending to pursue infringement claims against
claims in the future. Also, in many jurisdictions, patent applications rem
filing. Thus, we may be unaware of other parties' pending patent applica
unaware of competing patent applications, such applications could poten

The defense and prosecution of intellectual property suits, patent opposi
proceedings can be both costly and time consuming and may significant
management personnel. An adverse determination in any such litigation
subject us to significant liability to third parties, require us to seek licens
our products, or subject us to injunctions prohibiting the manufacture an

Risk Related to Our Financial Condition and Reporting

We identified material weaknesses in our internal control over financial
31, 2017. If we fail to maintain proper and effective internal control ove
timely financial statements could be impaired and may lead investors an
data.

Maintaining effective internal control over financial reporting is necessa

In evaluating the effectiveness of disclosure controls and procedures and
2017, June 30, 2017 and September 30, 2017, management concluded th
the Company's internal controls represented a material weakness in the
therefore, that the Company did not maintain effective disclosure contro
as of March 31, 2017, June 30, 2017 and September 30, 2017.

The unaudited consolidated statement of operations for the three months
to properly reflect the Company's revenues, cost of revenues, income fr
three-month periods. Certain amounts recorded in the second quarter of

In addition, in evaluating the effectiveness of our internal control over fi
identified material weaknesses in our internal control over financial repo
remediated. In evaluating the effectiveness of our internal control over f
identified material weaknesses in our internal control over financial repo
remediated by December 31, 2016. Also, as of December 31, 2016, man
and accuracy of computations relating to domestic and foreign income t
weakness, plus the material weakness identified during the year ended D
remediated by December 31, 2017.

If additional material weaknesses or significant deficiencies in our intern
the future, our consolidated financial statements may contain material m
results.

The effects of the Tax Cuts and Jobs Act on our business have not yet b
business and financial position.

On December 22, 2017 the U.S. enacted the Tax Cuts and Jobs Act, wh
reduction in the corporate tax rate from 35% to 21% effective January 1
income tax effects of the enactment of the Tax Cuts and Jobs Act; howe
existing deferred tax assets and corresponding valuation allowance. At I
assets and related valuation allowance in equal and offsetting amounts t
for income taxes from this adjustment. We do not expect the enactment
impact on our consolidated financial statements. We are following Staff
situations where the accounting for the Tax Cuts and Jobs Act under AS

Risks Related to Our Capital Structure

Holders of our Class B common stock and Series 2012-A Preferred Stoc
Class A common stock.

Holders of our Class B common stock and Series 2012-A Preferred Stoc
on which our stockholders are entitled to vote, while holders of our Clas
result, the ability of holders of our Class B common stock and Series 20
limited.

Holders of our Series 2012-A Preferred Stock are entitled to an annual d
our cash flow.

Holders of our Series 2012-A Preferred Stock are entitled to receive an
such dividend could have a negative impact on our cash flow and cash b
Preferred Stock are in arrears for six or more quarters, whether or not co
have the right to elect two (2) additional directors to serve on our Board
our equity securities.

We are controlled by our principal stockholder, which limits the ability

Howard S. Jonas, our Chairman of the Board, has voting power over 6,3
1,574,326 shares of our Class A common stock, which are convertible in
and 4,795,344 shares of our Class B common stock), representing appro
outstanding capital stock, as of March 9, 2018. Mr. Jonas is able to cont
the election of all of the directors and the approval of significant corpora
or substantially all of our assets. As a result, the ability of any of our oth

Item 1B. Unresolved Staff Comments.

None.

Item 2. Properties.

Our headquarters are located at 520 Broad St., Newark, New Jersey. Ou
April 2025 and is for 8,631 square feet and includes two parking spots p
is $198,513. We have the right to terminate the lease upon four months'
equal to 25% of the portion of the rent due over the course of the remain
renew the lease for another 5 years on substantially the same terms, with

GRE's Jamestown, New York offices are located at 3315 North Main St
space. GRE's Florida office is located in Holiday, Florida where we leas
located in Chandler, Arizona where we lease approximately 3,300 squar

Item 3. Legal Proceedings.

On March 13, 2014, named plaintiff, Anthony Ferrare, commenced a pu
Court of Common Pleas of Philadelphia County, Pennsylvania. The con
named plaintiff filed the suit on behalf of himself and other former and c
with variable rate plans, whom he contends were injured as a result of ID
On August 7, 2014, IDT Energy removed the case to the United States D
October 20, 2014, IDT Energy moved to stay or, alternatively, dismiss t
November 10, 2014, the named plaintiff opposed IDT Energy's motion
in further support of its motion to dismiss. On June 10, 2015, the Court g
dismiss without prejudice. The parties participated in mediation, and sub
which received preliminary approval from the Court on October 16, 201

order by the Court approving the Settlement Agreement. The Court has
2018.

On July 2, 2014, named plaintiff, Louis McLaughlin, filed a putative cla
States District Court for the Eastern District of New York, contending th
IDT Energy's allegedly unlawful sales and marketing practices. The nar
subclasses: all IDT Energy customers who were charged a variable rate
customers who participated in IDT Energy's rebate program from July 2
amended complaint on behalf of himself and all IDT Energy customers
Energy, Genie Energy International Corporation, and Genie Energy Ltd
Energy moved to dismiss the amended complaint, and the named plainti
and subsequently entered into a Settlement Agreement (see below), whi
16, 2017. The Settlement Agreement is subject to entry of a final order b
has scheduled a hearing concerning final approval for April 9, 2018.

On July 15, 2014, named plaintiff, Kimberly Aks, commenced a putativ
Superior Court, Essex County, contending that she and other class mem
sales and marketing practices. The named plaintiff filed the suit on beha
IDT Energy customers at any time between July 11, 2008 and the preser
mediation described below. On April 20, 2016, the named plaintiff filed
Energy customers in New Jersey against IDT Energy, Inc., Genie Retail
Energy Ltd. On June 27, 2016, defendants Genie Retail Energy, Genie E
a motion to dismiss the amended complaint. On August 26, 2016, the na
reply memorandum of law in further support of its motion to dismiss. Th
to set aside that decision to give the plaintiff an opportunity to submit op
rendering its decision. The parties participated in mediation, and subseq
which received preliminary approval from the Court on October 16, 201
order by the Court approving the Settlement Agreement. The Court has
2018.

On July 5, 2017, the Company entered into a class action Settlement Ag
and on behalf of the entire class, in the lawsuits currently pending in Pe
Company does not believe that there was any wrongdoing on its part, an
address its customers' concerns. Under the Settlement Agreement, the C
lawsuits and obtain a release of claims that were asserted or could be ass
conduct alleged in the lawsuits or similar conduct, wherever it may have
customers who timely make a claim, class counsel, and the named plain
administrating the claims process. The Company estimated, based in par
payment will be approximately $9 million, although it is reasonably pos
year ended December 31, 2017, the Company recorded a revenue reduct
included in "Selling, general and administrative expense", and a liability
participation rates that our total settlement payment will be approximate
payments could reach $10.1 million. The actual amount to be paid out w
customers who claim settlement payments to which they are entitled. Th
Court on October 16, 2017. The Settlement Agreement is subject to entr
Agreement, and the Court has scheduled a hearing concerning final appr

On June 20, 2014, the Pennsylvania Attorney General's Office ("AG") a
Complaint against IDT Energy, Inc. with the Pennsylvania Public Utility
OCA alleged, among other things, various violations of Pennsylvania's
Telemarketing Registration Act and the PUC's regulations. IDT Energy
AG and the OCA to terminate the litigation with no admission of liabilit
2015, IDT Energy, the AG, and the OCA filed a Joint Petition to the Pen
Under the settlement, IDT Energy will issue additional refunds to its Pen
supply in January, February and March of 2014. IDT Energy will also in
customer service processes, along with additional compliance and repor
Pennsylvania PUC on July 8, 2016. In July 2016, IDT Energy paid the a
refund administrator.

In the fourth quarter of 2015, the Company received a request for inforn
The Company responded to the inquiry. The Company has recently been
Attorney General regarding concerns raised by the New Jersey Board of
energy supply charges issued to the Company's retail customers during
agreement in principle. In the year ended December 31, 2017, the Comp
matter. The Company recorded a revenue reduction in the consolidated
customers and an expense of $0.2 million for related fees that is include
liability of $1.5 million that is included in "Accrued expenses" in the co

From time to time, the Company receives inquiries or requests for inforn
governmental regulatory or law enforcement agencies related to investig
Company responds to those inquiries or requests. The Company cannot
enforcement actions.

In addition to the above, the Company may from time to time be subject
business. Although there can be no assurance in this regard, the Compan
material adverse effect on the Company's results of operations, cash flo

New York Public Service Commission Orders

On February 23, 2016, the New York PSC issued an order that sought to
New York, including those owned by GRE. The restrictions described in
2016, would require that all REPs' electricity and natural gas offerings t
guarantee of savings compared to the price charged by the relevant incu
30% of the supply from renewable sources. Customers not enrolled in a
utility at the end of their contract period or, for variable price customers
current monthly billing cycle.

On March 4, 2016, a group of parties from the REP industry sought and
the most restrictive portions of the PSC's order pending a court hearing
25, 2016, the New York State Supreme Court, County of Albany, entere
vacated provisions 1 through 3 of the Order, and remitted the matter to t
order.

In December 2017, the PSC held an evidentiary hearing to assess the ret
and is expected to last for at least several more months. The Company is
PSC that would follow from the evidentiary process, while preparing to
be imposed. Depending on the final language of any new order, as well
New York customers, an order could have a substantial impact upon the
2017, New York represented 36% of GRE's total meters served and 28%

On July 14, 2016, and September 19, 2016, the PSC issued orders restri
customers enrolled in New York's utility low-income assistance program
in New York State Supreme Court, Albany County, and, on September
the PSC from implementing the July and September orders. On Decemb
service to customers enrolled in New York's utility low-income assistan
New York State Supreme Court, Albany County, denied interested parti
began to be implemented on July 26, 2017. Several REPs have appealed
Department. That court stayed implementation of the 2016 Order for a p
the appeal.

In a related action, several customers impacted by the 2016 Order filed a
the Northern District of New York, challenging the 2016 Order. Tempo
action have expired, and REPs are now required to return service of thei
incumbent utility on the modified schedule set forth in the PSC's 2016 C
the transfer of customers as required. The 2016 Order will require GRE'
approximately 21,000 meters, representing 12,000 RCEs, to their respec

Item 4. Mine Safety Disclosures.

Not applicable.

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Part II

Item 5. Market for Registrant’s Common Equity, Related Stockholder M

PRICE RANGE OF COMMON STOCK

Our Class B common stock trades on the New York Stock Exchange un

The table below sets forth the high and low sales prices for our Class B
periods indicated which represents the only fiscal periods our Class B C

	High	Low
Fiscal year ended December 31, 2016		
First Quarter	$11.02	$7.00
Second Quarter	$8.48	$6.32
Third Quarter	$7.49	$5.69
Fourth Quarter	$6.60	$5.07
Fiscal year ended December 31, 2017		
First Quarter	$7.35	$5.25
Second Quarter	$8.31	$6.97
Third Quarter	$7.61	$5.65
Fourth Quarter	$6.93	$4.18

On March 9, 2018, there were 320 holders of record of our Class B com
stock. All shares of Class A common stock are beneficially owned by H
persons whose shares are in nominee or in “street name” accounts throu
the New York Stock Exchange for the Class B common stock was $4.9

PRICE RANGE OF PREFERRED STOCK

The Series 2012-A Preferred Stock is listed and traded on the NYSE un
October 24, 2012.

The table below sets forth the high and low sales prices for our Series 2
periods indicated.

	High	Low
Fiscal year ended December 31, 2016		
First Quarter	$7.65	$6.80
Second Quarter	$7.50	$6.81
Third Quarter	$7.64	$7.15
Fourth Quarter	$8.01	$7.08
Fiscal year ended December 31, 2017		
First Quarter	$8.40	$7.35
Second Quarter	$7.89	$7.26
Third Quarter	$7.94	$7.32
Fourth Quarter	$7.82	$7.24

On March 9, 2018, there were 4 holders of record of our Series 2012-A
of persons whose shares are in nominee or in "street name" accounts th
on the New York Stock Exchange for the Series 2012-A Preferred Stoc

Additional information regarding dividends required by this item is inc
Analysis section in Item 7 to Part II and Note 11 to the Consolidated Fi

The information required by Item 201(d) of Regulation S-K will be con
Meeting, which we will file with the Securities and Exchange Commiss
incorporated by reference herein.

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Performance Graph of Stock

The line graph below compares the cumulative total stockholder return c
Preferred Stock with the cumulative total return of the New York Stock
Integrated Oil & Gas Index for the period beginning December 31, 2012
assume that $100 was invested December 31, 2012 with the cumulative
Integrated Oil & Gas Index, and that all dividends were reinvested. Cum
stock, Series 2012-A Preferred Stock, NYSE Composite Index and the S

	12/12	12/13	12/14
Genie Energy Ltd.	100.00	143.80	87.8
Genie Energy Ltd. Series 2012 - A Preferred	100.00	124.76	105.
NYSE Composite	100.00	126.28	134.
S&P Integrated Oil & Gas	100.00	121.53	113.

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Issuer Purchases of Equity Securities

The following table provides information with respect to purchases by u
December 31, 2017.

	Total Number of Shares Purchased	Average Price per Share	Total Number of Shares Purchased as part of Publicly Announced Plans or Programs	Maxi Num Shar May Purc Unde Plans Prog
October 1 – 31, 2017	**—**	**$ —**	**—**	**6,89**
November 1 – 30, 2017	**—**	**$ —**	**—**	**6,89**
December 1 – 31, 2017	**—**	**$ —**	**—**	**6,89**
Total	**—**	**$ —**		

(1) Under our existing stock repurchase program, approved by our Boarc
repurchase up to an aggregate of 7 million shares of our Class B com

Item 6. Selected Financial Data.

The selected consolidated financial data presented below as of Decembe
five years then ended, has been derived from our Consolidated Financia
independent registered public accounting firm. The selected consolidate
Consolidated Financial Statements and the Notes thereto and other finar

	Year ended December 3		
(in thousands, except per share data)	**2017**	**2016**	**2**
STATEMENT OF OPERATIONS DATA:			
Revenues	$264,202	$212,112	$
Write-off of capitalized exploration costs	6,483	41,041	
Net loss	(8,648)	(32,192)	
Loss per common share – basic and diluted	(0.36)	(1.14)	
Cash dividend declared per common share	0.30	0.24	

December 31 (in thousands)	**2017**	**2016**	**2015**	**2014**
BALANCE SHEET DATA:				
Total assets	$125,778	$121,813	$155,815	$152,
Long-term obligations	2,513	—	2,000	—

Item 7. Management’s Discussion and Analysis of Financial Condition a

This Annual Report contains forward-looking statements within the mea
Section 21E of the Securities Exchange Act of 1934, including statemen
“intends” and similar words and phrases. These forward-looking statem
actual results to differ materially from the results projected in any forwa
noted in the forward-looking statements, other important factors, risks a
but are not limited to, those discussed under Item 1A to Part I “Risk Fac
are made as of the date of this Annual Report, and we assume no obliga
the reasons why actual results could differ from those projected in the fo
information set forth in this report and the other information set forth fro
Exchange Commission pursuant to the Securities Act of 1933 and the Se
Forms 10-Q and 8-K.

The following discussion should be read in conjunction with the Consol
Item 8 of this Annual Report.

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OVERVIEW

We are comprised of GRE, which owns and operates REPs, including II
Mirabito Natural Gas, or Mirabito, and also offers energy brokerage anc
and Diversegy divisions. Its REP businesses resell electricity and natura
the Eastern United States. Through a joint venture, GRE has begun serv

We are also comprised of GOGAS, an oil and gas exploration company
exploration projects are inactive. GOGAS also holds a 100% interest in
Israel.

We own 99.3% of our subsidiary, GEIC, which owns 100% of GRE, an
an oil and gas exploration project in Northern Israel, whose operations h
in other inactive oil and gas projects.

GRE has outstanding deferred stock units granted to officers and emplo
equity of GRE.

As part of our ongoing business development efforts, we seek out new c
or businesses that reflect horizontal or vertical expansion from our curre
considered briefly and others are examined in further depth. In particula
and size of our REP businesses.

Genie Retail Energy

GRE operates REPs that resell electricity and/or natural gas to residentia
Illinois, Maryland, Massachusetts, New Hampshire, New Jersey, New Y
Washington, D.C. GRE’s revenues represented 100% of our consolidate
2015.

On August 10, 2017, GRE acquired Mirabito Natural Gas, a Ft. Lauderd
commercial and government customers throughout Florida.

On July 17, 2017, our subsidiary, Genie Energy UK Ltd., or GEUK, ent
Investments Pty Ltd, or EGC, to launch Shoreditch Energy Limited, or S
service to residential and small business customers in the United Kingdo
commenced initial customer acquisition in the United Kingdom under th
framework in which new entrants can acquire a limited number of custo

GRE's cost of revenues consists primarily of natural gas and electricity
GRE's REPs entered into an Amended and Restated Preferred Supplier
electricity and natural gas at a market rate plus a fee. The agreement's te
may terminate the agreement on November 30, 2018 by giving the other
purchase electricity and natural gas under this agreement is subject to sa
certain covenants.

As an operator of REPs, GRE does not own electrical power generation
production, pipeline or distribution facilities. Instead, GRE's REPs cont
natural gas pipeline, storage and transportation services, and utilizes NY
transmission and distribution. GRE's cost of revenues includes scheduli
for the purchase of these services.

For risk management purposes, GRE's REPs utilize put and call options
market prices of electricity and natural gas and to reduce exposure from
recorded at fair value as a current asset or liability and any changes in fa
options and swaps on cost of revenues is relatively small in comparison

The electricity transmission and distribution operators perform real-time
which GRE's REPs operate. Similarly, the utility or the LDC performs l
GRE's REPs operate. Load balancing ensures that the amount of electric
amount necessary to service its REP customers' demands at any specific
the actual electricity and natural gas demands of its customers and its bu
market, and through monthly cash settlements and/or adjustments to futu
performed by utilities, LDCs, and electricity transmission and distributio
for balancing the electricity and natural gas purchased and sold for its ac

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The local utilities generally meter and deliver electricity and natural gas
and collection services on GRE's REPs behalf for most of GRE's REPs
POR fees and in some cases less fees for billing and other ancillary serv

Volatility in the electricity and natural gas markets affects the wholesale
to customers. GRE's REPs may not always choose to pass along increas
competitive pressures and for overall customer satisfaction. In addition,
and may be unable to change their sell rates offered to fixed rate and gu
prices of the underlying commodities. This can adversely affect GRE's
increases in GRE's REPs rates charged to customers may lead to increa

GRE's REPs' selling expense consists primarily of sales commissions p
primary costs associated with the acquisition of customers. General and
utility fees for billing and collection, professional fees, rent and other ad

Seasonality and Weather

The weather and the seasons, among other things, affect GRE's REPs' r
demand for natural gas used for heating and electricity used for heating
natural gas and electricity, and hotter summers increase demand for elec
effect. Natural gas revenues typically increase in the first quarter due to
increase in the third quarter due to increased air conditioning use. Appro
for the relevant years were generated in the first quarter of 2017 and 201
Although the demand for electricity is not as seasonal as natural gas (du
cooling), approximately 30% and 31% of GRE's REPs' electricity reve
of 2017 and 2016, respectively.

Concentration of Customers and Associated Credit Risk

GRE's REPs reduce their customer credit risk by participating in purcha
In addition to providing billing and collection services, utility companie
without recourse to those REPs. GRE's REPs primary credit risk is ther
utility companies represent significant portions of our consolidated reve
balance and such concentrations increase our risk associated with nonpa

The following table summarizes the percentage of consolidated revenue
10% of consolidated revenues in the period (no other single utility comp
in these periods):

	Year ended December 31,		
	2017	**2016**	**2015**
Con Edison	15 %	20 %	23 %
ComEd	10 %	13 %	na
National Grid USA	**na**	na	12 %

na – less than 10% of consolidated revenue in the period

The following table summarizes the percentage of consolidated gross tra
exceed 10% of consolidated gross trade accounts receivable at Decembe
accounted for 10% or greater of our consolidated gross trade accounts re

December 31	**2017**	**2016**
Con Edison	11 %	15 %
ComEd	**na**	10 %

na – less than 10% of consolidated gross trade accounts receivable

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New York Public Service Commission Orders

On February 23, 2016, the New York PSC issued an order that sought to
New York, including those owned by GRE. The restrictions described in
2016, would require that all REPs' electricity and natural gas offerings t
guarantee of savings compared to the price charged by the relevant incu
30% of the supply from renewable sources. Customers not enrolled in a
utility at the end of their contract period or, for variable price customers
current monthly billing cycle.

On March 4, 2016, a group of parties from the REP industry sought and
the most restrictive portions of the PSC's order pending a court hearing
25, 2016, the New York State Supreme Court, County of Albany, entere
vacated provisions 1 through 3 of the Order, which outlined the propose
proceedings consistent with the Court's order.

In December 2017, the PSC held an evidentiary hearing to assess the ret
and is expected to last for at least several more months. We are evaluati
would follow from the evidentiary process, while preparing to operate in
imposed. Depending on the final language of any new order, as well as
customers, an order could have a substantial impact upon the operations
York represented 36% of GRE's total meters served and 28% of the tota

On July 14, 2016, and September 19, 2016, the PSC issued orders restri
customers enrolled in New York's utility low-income assistance progra
in New York State Supreme Court, Albany County, and, on September
the PSC from implementing the July and September orders. On Decemb
prohibiting REP service to customers enrolled in New York's utility lo
the 2016 Order, on July 5, 2017, the New York State Supreme Court, A
the 2016 Order, and the 2016 Order began to be implemented on July 2
Order to the Appellate Division, Third Department. That court stayed in
later lifted the stay pending resolution of the appeal.

In a related action, several customers impacted by the 2016 Order filed
the Northern District of New York, challenging the 2016 Order. Tempo
action have expired, and REPs are now required to return service of thei
incumbent utility on the modified schedule set forth in the PSC's 2016

have begun the transfer of customers as required. The 2016 Order will re
approximately 21,000 meters, representing 12,000 RCEs, to their respec

Afek Oil and Gas, Ltd.

In April 2013, the Government of Israel finalized the award to Afek of a
covering 396.5 square kilometers in the southern portion of the Golan H
April 2018. Israel's Northern District Planning and Building Committee
2015, which has been subsequently extended to April 18, 2018, to condu

In February 2015, Afek began drilling its first exploratory well. Afek co
license area. In light of the analysis received in the third quarter of 2016
determined that it did not have a clear path to demonstrate probable or p
over the next 12 to 18 months. Since there was substantial doubt regardi
December 31, 2016, Afek wrote off the $41.0 million of capitalized exp

Afek turned its operational focus to the Northern region of its license are
separately when evaluating its unproved properties. In 2017, Afek drille
license area. In November 2017, Afek announced that the preliminary an
suggested that the well's target zone does not contain commercially prod
suspending drilling operations pending further analysis. In the fourth qu
path to demonstrate probable or possible reserves in the Northern region
was substantial doubt regarding the economic viability of the well, Afek
incurred in the Northern region.

There is no current plan for a next phase of Afek's activity. Any future e
permitting. Afek may seek financing for any next phase of activity.

GOGAS Inactive Projects

Genie Mongolia

In April 2013, Genie Mongolia and the Petroleum Authority of Mongoli
to explore and evaluate the commercial potential of oil shale resources i
September 2014, Genie Mongolia signed a prospecting agreement with
25,000 square kilometers in Central Mongolia. Genie Mongolia maintai
operations in Mongolia.

American Shale Oil, LLC

AMSO, LLC holds a research, development and demonstration lease aw
an area of 160 acres in western Colorado. Through April 30, 2016, we a
the equity method since we had the ability to exercise significant influen
not control AMSO, LLC. AMSO, LLC was a variable interest entity, ho
beneficiary.

On February 23, 2016, Total notified AMSO of its decision not to conti
AMSO its notice of withdrawal from AMSO, LLC. The withdrawal was
and Total agreed that Total would pay AMSO, LLC $3.0 million as full
decommissioning, winding up and dissolution of AMSO, LLC. Total wi
are less than $3.0 million. At December 31, 2016, the AMSO, LLC proj
2016, AMSO, LLC's assets, liabilities, results of operations and cash flo

We accounted for our acquisition on April 30, 2016 of Total's ownershi
estimated the fair value of AMSO, LLC to be nil, as it had ceased opera
from the acquisition of Total's interest in AMSO, LLC because we acqu
was transferred by us, due to our assumption of the risk associated with
the remeasurement of AMSO's investment in AMSO, LLC at its acquis

million, which was included in “Gain on consolidation of AMSO, LLC”

Israel Energy Initiatives, Ltd.

IEI had an exclusive Shale Oil Exploration and Production License awa
covered approximately 238 square kilometers in the south of the Shfela
Jerusalem District Committee for Planning and Building voted against i
Shale Oil Exploration and Production License expired in July 2015. Ope

CRITICAL ACCOUNTING POLICIES

Our financial statements and accompanying notes are prepared in accord
United States of America, or U.S. GAAP. The preparation of financial s
assumptions that affect the reported amounts of assets, liabilities, revenu
and liabilities. Critical accounting policies are those that require applica
often as a result of matters that are inherently uncertain and may change
include those related to the allowance for doubtful accounts, goodwill, c
its estimates and judgments on historical experience and other factors th
Actual results may differ from these estimates under different assumptio
Statements in this Annual Report for a complete discussion of our signif

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Allowance for Doubtful Accounts

We maintain an allowance for doubtful accounts for estimated losses tha
to make required payments. The allowance for doubtful accounts was $1
December 31, 2016. Our allowance is determined based on known troub
available evidence. Our estimates of recoverability of customer account
assumptions or changes in our strategy, which may impact our allowanc
likelihood of potential amounts or ranges of recoverability and adjust ou
write-offs of trade accounts receivable may materially differ from our es

Goodwill

Our goodwill balance of $10.0 million and $8.7 million at December 31
segment. GRE is the reporting unit for our goodwill impairment tests. G
indefinite life. It is reviewed annually (or more frequently under various

In 2017, we adopted the Accounting Standards Update, or ASU, that sim
eliminating Step 2 from the goodwill impairment test. In computing the
perform procedures to determine the fair value at the impairment testing
assets and liabilities) following the procedure that would be required in
assumed in a business combination. Instead, under the amendments in th
impairment test by comparing the fair value of our reporting units with t
charge for the amount by which the carrying amount exceeds the reporti
exceed the total amount of goodwill allocated to that reporting unit. Add
deductible goodwill on the carrying amount of the reporting unit when m

We have the option to perform a qualitative assessment to determine wh
impairment test. However, we may elect to perform the quantitative goo
impairment exist.

We estimate the fair value of our reporting units using discounted cash f
value indicators. For GRE's annual impairment test for the year ended D
exceeded its carrying value, there was no goodwill impairment. In additi
impairment. For GRE's annual impairment tests for the years ended Dec
substantially exceeded its carrying value in Step 1, it was not necessary

Calculating the fair value of the reporting units requires significant estin
or assumptions regarding the fair value of our reporting units prove to be
goodwill in future periods and such impairments could be material.

Oil and Gas Accounting

We account for our oil and gas activities under the successful efforts me
exploratory wells and exploratory-type stratigraphic test wells are capita
proved reserves. Other exploration costs are charged to expense as incur
considered impaired, are charged to expense when such impairment is d
properties for impairment requires significant estimates and assumptions

At December 31, 2017 and 2016, our capitalized exploration costs — ur
2016, based on the analysis of the first five wells and market conditions
to demonstrate probable or possible reserves in the Southern region of it
substantial doubt regarding the economic viability of its five wells in the
Afek wrote off the $41.0 million of capitalized exploration costs incurre
determined that it did not have a clear path to demonstrate probable or p
over the next 12 to 18 months. Since there was substantial doubt regardi
million of capitalized exploration costs incurred in the Northern region.

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Income Taxes

Our current and deferred income taxes and associated valuation allowan
normal course of business as well as in connection with special and non
classification of income taxes is dependent on several factors, including
tax assets, the results of Internal Revenue Service audits of our federal i

The valuation allowance on our deferred income tax assets was $48.3 m
respectively. We employ a tax strategy that enables us to currently dedu
U.S. operations. Because of this strategy and our current projections, we
than not in order to utilize our deferred federal income tax assets in the f

We use a two-step approach for recognizing and measuring tax benefits
whether it is more-likely-than-not that, a tax position will be sustained u
or litigation processes, based on the technical merits of the position. In e
more-likely-than-not recognition threshold, we presume that the appropr
information will examine the position. Tax positions that meet the more
determine the amount of tax benefit to recognize in the financial stateme
benefit that is greater than 50 percent likely of being realized upon ultim
tax return and amounts recognized in the financial statements will gener
liability for income taxes payable, a reduction of an income tax refund r
in a deferred tax liability. We review and adjust our liability for unrecog
given the facts, circumstances and information available at each reportin
is different from the amounts recorded, such differences may affect inco

RECENTLY ISSUED ACCOUNTING STANDARDS NOT YET ADO

In February 2016, the Financial Accounting Standards Board, or FASB,
standard establishes a right-of-use, or ROU, model that requires a lessee
sheet for all leases with terms longer than 12 months. Leases will be cla
affecting the pattern of expense recognition in the income statement. W
retrospective transition approach is required for lessees for capital and o
beginning of the earliest comparative period presented in the financial st
evaluating the impact that the new standard will have on our consolidate

In June 2016, the FASB issued an ASU that changes the impairment mo
For receivables, loans and other instruments, entities will be required to
generally will result in the earlier recognition of allowance for losses. Fo
entities will measure credit losses in a manner similar to current practice
of reductions in the amortized cost of the securities. In addition, an entit
allowances, credit quality indicators and past due securities. The new pr
retained earnings. We will adopt the new standard on January 1, 2020. W
on our consolidated financial statements.

In August 2017, the FASB issued an ASU intended to improve the finan
economic results of an entity’s risk management activities in its financia
improvements to simplify the application of hedge accounting guidance
for us on January 1, 2019. Early application is permitted. Entities will ap
relationships that exist on the date of adoption using a modified retrospe
requirements will be applied prospectively. We are evaluating the impac
statements.

RESULTS OF OPERATIONS

We evaluate the performance of our operating business segments based
income and expense line items below income (loss) from operations are
operations.

In May 2014, the FASB and the International Accounting Standards Bo
standard that superseded most of the revenue recognition guidance unde
Standards, or IFRS. The goals of the revenue recognition project were to
under U.S. GAAP and IFRS and to develop guidance that would stream
adopted this standard on January 1, 2018 using the modified retrospecti

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We have substantially completed our evaluation of the effects of adopti
impact on revenue recognition and measurement in our consolidated fin
requirements contracts are considered to be options for additional goods
AICPA Power and Utilities Industry Task Force Issue No. 13-2. Revenu
is delivered to the customer. We will estimate variable consideration rel
and a portfolio approach. We expect to apply a practical expedient for e
relationship periods are currently less than twelve months. We will mon
ensure compliance with the application of the practical expedient. The a
current method of recording accrued rebates.

We are also currently reviewing future required disclosures, and updati
implementation in connection with our first quarter 2018 interim financi

Year Ended December 31, 2017 compared to Year Ended December 31

Genie Retail Energy Segment

(in millions)			**Change**	
Year ended December 31,	**2017**	**2016**	**$**	**%**
Revenues:				
Electricity	$222.2	$179.5	$42.7	23.8
Natural gas	40.1	31.0	9.1	29.2
Other	1.9	1.6	0.3	19.8
Total revenues	264.2	212.1	52.1	24.6
Cost of revenues	178.7	135.2	43.5	32.2
Gross profit	85.5	76.9	8.6	11.1
Selling, general and administrative	68.3	50.4	17.9	35.5
Equity in net loss of joint venture	0.6	—	0.6	nm
Income from operations	$16.6	$26.5	$(9.9)	(37.4

nm — not meaningful

On August 10, 2017, GRE acquired Mirabito Natural Gas, a Ft. Lauder
commercial and government customers throughout Florida. Mirabito’s
significant, are included in our results of operations.

On July 17, 2017, our subsidiary, GEUK, entered into a definitive agree
electricity and natural gas service to residential and small business custo

On November 2, 2016, GRE acquired REH, a privately held owner of R
customer base expanded GRE's geographic footprint to four new states
Connecticut — and provided additional electricity customers in New Je

On July 5, 2017, we entered into a class action Settlement Agreement w
behalf of the entire class, in the lawsuits currently pending in New York
Proceedings" included in this Annual Report). We estimated, based in p
payment will be approximately $9 million, although it is reasonably pos
actual amount to be paid out will depend on several factors, including th
which they are entitled. The Settlement Agreement is subject to entry of
Agreement. The Court has scheduled a hearing on final approval in Apr
revenue reduction of $3.6 million for estimated payments to customers,
million reduced natural gas revenues, and an expense of $5.4 million tha

We have been engaged in discussions with the New Jersey Office of the
Jersey Board of Public Utilities and Division of Consumer Affairs relate
during the first quarter of 2014 (see Item 3 to Part I "Legal Proceedings
agreement in principle. In the year ended December 31, 2017, we accru
recorded a revenue reduction of $1.3 million relating to refunds to custo
reduced natural gas revenues, and an expense of $0.2 million for related
expense."

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Revenues. GRE's electricity revenues increased in 2017 compared to 2
November 2016 at which time it served 43,000 electricity-only custome
61,400 electricity-only customers, and $49.9 million in electricity reven
in November and December 2016. Electricity consumption by GRE's R
increased 21.5% in 2017 compared to 2016, and average consumption p
Average meters served increased 10.5% in 2017 compared to 2016. In a
1.9% in 2017 compared to 2016. The increase in electricity revenues in
reduction of $3.8 million for estimated payments to customers as a resul
above and for the pending regulatory matter in New Jersey described ab

GRE's natural gas revenues increased in 2017 compared to 2016 becaus
addition, the Mirabito acquisition in August 2017 added $2.3 million in
the reduction of $0.7 million in 2017 for the pending regulatory matter i
million for estimated payments to customers as a result of the settlemen
rate charged to customers increased 29.2% in 2017 compared to 2016 re
Natural gas meters served decreased 6.3% in 2017 compared to 2016, al
2017 compared to 2016. Natural gas consumption, including by Mirabit
2017 compared to 2016.

The customer base for GRE's REPs as measured by meters served consi

(in thousands)	December 31, 2017	September 30, 2017	June 30, 2017	Ma 31, 201
Meters at end of quarter:				
Electricity customers	307	330	317	30
Natural gas customers	105	116	113	11
Total meters	412	446	430	41

The total meters at December 31, 2017 and 2016 included TSE's respec
Mirabito's approximately 970 natural gas-only meters at December 31,
(including TSE's and Mirabito's gross meter acquisitions) compared to
developments discussed above, we focused our meter acquisition efforts
steps to reduce the prospective and contingent impacts of the PSC's ord
approximately 400 or 0.1% from December 31, 2016 to December 31, 2
December 31, 2015 to December 31, 2016. Average monthly churn incr
modified its method of calculating churn and these figures reflect the re

GRE’s REPs have applications pending to enter into additional utility se
states where we currently operate. We continue to evaluate additional, d
business geographically.

The average rates of annualized energy consumption, as measured by re
chart below. An RCE represents a natural gas customer with annual con
annual consumption of 10 MWh. Because different customers have diff
standard metric for evaluating the consumption profile of a given retail

(in thousands)	December 31, 2017	September 30, 2017	June 30, 2017	Ma 31, 201
RCEs at end of quarter:				
Electricity customers	228	243	219	22
Natural gas customers	73	82	70	67
Total RCEs	301	325	289	28

Total RCEs at December 31, 2017 and December 31, 2016 included TS
respectively, and Mirabito’s approximately 11,300 natural gas-only RC
and Mirabito acquisitions on RCEs and meters, RCEs decreased 4.1% a
primarily due to weather conditions in portions of our service area.

Other revenue in 2017 and 2016 included commissions, entry fees and c
businesses.

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Cost of Revenues and Gross Margin Percentage. GRE's cost of revenu

(in millions)			Change	
Year ended December 31,	**2017**	2016	**$**	**%**
Cost of revenues:				
Electricity	$149.7	$113.0	$36.7	32.5%
Natural gas	28.2	21.6	6.6	30.8
Other	0.8	0.6	0.2	27.9
Total cost of revenues	$178.7	$135.2	$43.5	32.2%

Year ended December 31,	**2017**	**2016**	**Change**
Gross margin percentage:			
Electricity	32.6%	37.0%	(4.4)%
Natural gas	29.7	30.5	(0.8)
Other	58.7	61.3	(2.6)
Total gross margin percentage	32.4%	36.3%	(3.9)%

Cost of revenues for electricity increased in 2017 compared to 2016 pri
which added $43.5 million in cost of revenues for electricity in 2017 co
Electricity consumption by GRE's REP's customers in 2017 increased 2
electricity customers, and the average unit cost of electricity increased 9
sales decreased in 2017 compared to 2016 because the average rate char
electricity.

Cost of revenues for natural gas increased in 2017 compared to 2016 pri
30.7% in 2017 compared to 2016. The Mirabito acquisition in August 2
2017. Natural gas consumption, including by Mirabito's natural gas cus
2016. Gross margin on natural gas sales decreased in 2017 compared to
increased less than the average unit cost of natural gas.

Other cost of revenues primarily includes commission expense incurred

Selling, General and Administrative. The increase in selling, general ar
to an increase in customer acquisition costs, reflecting the increase in gr
from the amortization of the intangible assets acquired in the REH and M
expense. In addition, the increase in selling, general and administrative
$5.4 million for the settlement of various class action lawsuits describe

general and administrative expense increased from 23.8% in 2016 to 25

Equity in net loss of joint venture. GEUK accounts for its ownership int
the ability to exercise significant influence over its operating and financ
Shoreditch is a variable interest entity, however, GEUK has determined
have the power to direct the activities that most significantly impact Sho
Shoreditch commenced initial customer acquisition in the United Kingd
Entry framework in which new entrants can acquire a limited number o
its inception to December 31, 2017 was $0.8 million.

Afek Segment

Afek does not currently generate any revenues, nor does it incur any cos

(in millions)			**Change**	
Year ended December 31,	**2017**	**2016**	**$**	**%**
General and administrative expense	$1.3	$1.1	$0.2	2
Exploration	4.9	6.1	(1.2)	(
Write-off of capitalized exploration costs	6.5	41.0	(34.5)	(
Other operating loss, net	—	0.1	(0.1)	(
Loss from operations	$12.7	$48.3	$(35.6)	(

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General and Administrative. General and administrative expense increa
increase in depreciation expense, as well as a reduction in the amount of
exploration costs.

Exploration. Afek accounts for its oil and gas activities under the succe
costs of drilling exploratory wells and exploratory-type stratigraphic tes
well has found proved reserves. Other exploration costs are charged to e
first exploratory well in Northern Israel's Golan Heights. Afek complete
Afek subsequently turned its operational focus to the Northern region of
exploratory well at one of the Northern sites in its license area. In Nover
results from the completed well at the Northern site suggested that the w
quantities of oil or natural gas, and that it was suspending drilling opera

Write-Off of Capitalized Exploration Costs. Afek assesses the economi
The assessment requires significant estimates and assumptions by mana
did not have a clear path to demonstrate probable or possible reserves in
months. Since there was substantial doubt regarding the economic viabi
exploration costs incurred in the Northern region. In the third quarter of
conditions at that time, Afek determined that it did not have a clear path
region of its license area over the next 12 to 18 months. Since there was
wells, in 2016, Afek wrote off the $41.0 million of capitalized exploratio

Other Operating Loss, net. In 2016, Afek incurred net expense of $0.1
Golan Water Cooperative, a water cooperative of agricultural settlement

Genie Oil and Gas Segment

Genie Oil and Gas does not currently generate any revenues, nor does it
AMSO its notice of withdrawal from AMSO, LLC. The withdrawal was
withdrawal, beginning on April 30, 2016, AMSO, LLC's assets, liabiliti
consolidated financial statements.

(in millions)			**Change**	
Year ended December 31,	**2017**	**2016**	**$**	**%**
General and administrative expense	$(0.6)	$(1.0)	$0.4	32.0

Research and development	—	0.3	(0.3)	(100.
Gain on consolidation of AMSO, LLC	—	1.3	(1.3)	(100.
Equity in net loss of AMSO, LLC	—	(0.2)	0.2	100.0
(Loss) income from operations	$(0.6)	$0.4	$(1.0)	(235.

General and Administrative. General and administrative expense decre in payroll and severance expense, partially offset by an increase in stock

Research and Development. At December 31, 2016, AMSO, LLC's oi decommissioned. In 2016, AMSO, LLC reversed accrued research and d winding up and dissolution.

Gain on consolidation of AMSO, LLC. We accounted for our acquisitio LLC as a business combination. We recognized a gain from the acquisit the net assets of AMSO, LLC while no consideration was transferred by shutdown obligations. The gain also included our gain on the remeasure date fair value. The aggregate gain recognized was $1.3 million.

Equity in the Net Loss of AMSO, LLC. In part because of AMSO's deci in 2014 and 2015, AMSO, LLC allocated its net loss mostly to Total in effective date of Total's withdrawal from AMSO, LLC.

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Corporate

Corporate does not generate any revenues, nor does it incur any cost of r
consulting fees, legal fees, business development expense and other cor

(in millions)	
Year ended December 31,	**2017**
General and administrative expense and loss from operations	$9.8

The increase in Corporate general and administrative expense in 2017 c
we accrued in 2017 for our former President. As a percentage of our co
expense decreased from 4.3% in 2016 to 3.7% in 2017.

Consolidated

Selling, General and Administrative. Pursuant to an agreement betwee
we charge IDT for services that we provide to certain of IDT's subsidia
of the amounts that we charged IDT, were $1.3 million and $1.6 million
general and administrative expense.

Stock-based compensation expense included in consolidated selling, ge
million in 2017 and 2016, respectively. At December 31, 2017, aggrega
stock-based compensation was $4.8 million. The unrecognized compens

The following is a discussion of our consolidated income and expense li

(in millions)			**Cha**
Year ended December 31,	**2017**	2016	**$**
Loss from operations	$(6.5)	$(30.5)	$24
Interest income	0.3	0.3	—
Interest expense	(0.3)	—	(0.
Other (expense) income, net	(0.4)	0.2	(0.

Provision for income taxes	(1.7)	(2.2)	0.5
Net loss	(8.6)	(32.2)	23
Net loss attributable to noncontrolling interests	1.6	7.7	(6.
Net loss attributable to Genie	$(7.0)	$(24.5)	$17

nm — not meaningful

Interest Expense. On April 4, 2017, we entered into a Credit Agreemen
Vantage, for a $20 million revolving line of credit. In 2017, we incurred
revolving line of credit.

Other (Expense) Income, net. Other (expense) income, net, included fo
foreign currency transaction gains of $0.1 million in 2016. In addition, i
the Maple Bank GmbH revolving credit loan payable.

Provision for Income Taxes. The decrease in the provision for income t
decrease in income tax expense in GRE. GRE includes IDT Energy, cer
interest entity. For purposes of computing Federal income taxes, we con
from those businesses offset the taxable income from GRE and reduce t
operating losses are fully offset by a valuation allowance so no addition
Energy and the limited liability companies are included in our consolida
consolidated variable interest entity, files a separate tax return since we

On December 22, 2017 the U.S. enacted the Tax Cuts and Jobs Act, whi
reduction in the corporate tax rate from 35% to 21% effective January 1
income tax effects of the enactment of the Tax Cuts and Jobs Act; howe
existing deferred tax assets and corresponding valuation allowance. At I
assets and related valuation allowance in equal and offsetting amounts t
for income taxes from this adjustment. We do not expect the enactment
impact on our consolidated financial statements.

Net Loss Attributable to Noncontrolling Interests. The change in the ne
to 2016 was primarily due to the noncontrolling interest's share of Afek
the noncontrolling interest in Afek increased from 13.5% to 14.9% and
million.

Year Ended December 31, 2016 compared to Year Ended December 31

Genie Retail Energy Segment

(in millions)			**Change**	
Year ended December 31,	**2016**	**2015**	**$**	**%**
Revenues:				
Electricity	$179.5	$170.3	$9.2	5.4
Natural gas	31.0	40.8	(9.8)	(23.9
Other	1.6	2.0	(0.4)	(19.9
Total revenues	212.1	213.1	(1.0)	(0.4
Cost of revenues	135.2	146.4	(11.2)	(7.7
Gross profit	76.9	66.7	10.2	15.4
Selling, general and administrative	50.4	55.6	(5.2)	(9.2
Income from operations	$26.5	$11.1	$15.4	138.9

On November 2, 2016, GRE acquired REH, a privately held owner of R
customer base expanded GRE's geographic footprint to four new states
Connecticut — and provided additional electricity customers in New Je
REPs began operations in Ohio in the second quarter of 2016.

Revenues. GRE's electricity revenues increased in 2016 compared to 2
2016, which added approximately 43,000 electricity-only customers at a
November and December 2016, which offset a 6.5% decline in the avera
consumption in 2016 compared to 2015 increased 12.7%, including the
consumption reflected the increase in average meters served, which incr
consumption per meter decreased 1.3% in 2016 compared to 2015.

GRE's natural gas revenues decreased in 2016 compared to 2015 becaus
customers, and an 8.4% decrease in natural gas consumption. The decre
decrease in average meters served, as well as a 5.0% decrease in averag

GRE's customer base as measured by meters served consisted of the fol

(in thousands)	December 31, 2016	September 30, 2016	June 30, 2016	Ma 31, 201
Meters at end of quarter:				
Electricity customers	296	263	268	26
Natural gas customers	116	120	122	12
Total meters	412	383	390	39

The total meters at December 31, 2016 included TSE's approximately 4
exclusive of TSE, were 235,000 compared to 275,000 in 2015. In respo
focused our meter acquisition efforts outside of New York State while s
contingent impacts of the PSC's orders on our New York operations. In
increased by 20,000 or 5.0% from December 31, 2015 to December 31,
December 31, 2014 to December 31, 2015. Average monthly churn inc
GRE modified its method of calculating churn and these figures reflect

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The average rates of annualized energy consumption, as measured by re
chart below. An RCE represents a natural gas customer with annual con
annual consumption of 10 MWh. Because different customers have diff
standard metric for evaluating the consumption profile of a given retail

(in thousands)	December 31, 2016	September 30, 2016	June 30, 2016	Mar 31, 201
RCEs at end of quarter:				
Electricity customers	218	174	172	17
Natural gas customers	65	67	67	72
Total RCEs	283	241	239	24

Total RCEs at December 31, 2016 included TSE's approximately 50,60
acquisition, RCEs decreased at December 31, 2016 compared to Decem
well as the declines in electric and natural gas meters served.

Other revenue in 2016 and 2015 included commissions, entry fees and c
businesses.

Cost of Revenues and Gross Margin Percentage. GRE's cost of revenu

(in millions) Year ended December 31,	2016	2015	Change $	%
Cost of revenues:				
Electricity	$113.0	$112.7	$0.3	0.2 %
Natural gas	21.6	31.5	(9.9)	(31.5)
Other	0.6	2.2	(1.6)	(71.7)
Total cost of revenues	$135.2	$146.4	$(11.2)	(7.7)%

Year ended December 31,	2016	2015	Change
Gross margin percentage:			
Electricity	37.0%	33.8%	3.2 %
Natural gas	30.5	22.7	7.8
Other	61.3	(9.5)	70.8

Total gross margin percentage	36.3 %	31.3 %	5.0 %

Cost of revenues for electricity increased in 2016 compared to 2015 pri
which added $5.0 million in cost of revenues for electricity in Novembe
compared to 2015 increased 12.7%, including the TSE electricity custor
partially offset by an 11.0% decrease in the average unit cost of electrici
sales increased in 2016 compared to 2015 because the average rate char
electricity.

Cost of revenues for natural gas decreased in 2016 compared to 2015 pr
decreased 25.3% in 2016 compared to 2015 and natural gas consumptio
on natural gas sales increased in 2016 compared to 2015 because the av
average unit cost of natural gas.

Other cost of revenues primarily includes commission expense incurred

Selling, General and Administrative. The decrease in selling, general ar
to a decrease in the cost of regulatory and legal matters, the reorganizati
businesses that reduced the payroll, office rent and certain other general
reduction in customer acquisition costs. In 2015, selling, general and ad
regulatory and legal matters including outside counsel fees. As a percen
administrative expense decreased from 26.1% in 2015 to 23.8% in 2016

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Afek Segment

Afek does not currently generate any revenues, nor does it incur any cos

(in millions)			Change	
Year ended December 31,	**2016**	**2015**	**$**	**%**
General and administrative expense	$1.1	$0.8	$0.3	32.
Research and development	—	0.1	(0.1)	(10
Exploration	6.1	6.6	(0.5)	(7.
Write-off of capitalized exploration costs	41.0	—	41.0	nm
Other operating loss, net	0.1	—	0.1	nm
Loss from operations	$48.3	$7.5	$40.8	54

nm — not meaningful

General and Administrative. General and administrative expense increa
increase in payroll expense partially offset by a decrease in consulting a

Exploration. In February 2015, Afek began drilling its first exploratory
drilling of five wells in the Southern region of its license area that was c

Write-Off of Capitalized Exploration Costs. Based on the analysis of th
third quarter of 2016, Afek determined that it did not have a clear path t
region of its license area over the next 12 to 18 months. Since there was
wells, in 2016, Afek wrote off the $41.0 million of capitalized explorati

Other Operating Loss, net. In 2016, Afek incurred net expense of $0.1
Golan Water Cooperative, a water cooperative of agricultural settlement

Genie Oil and Gas Segment

Genie Oil and Gas does not currently generate any revenues, nor does it
AMSO its notice of withdrawal from AMSO, LLC. The withdrawal was
withdrawal, beginning on April 30, 2016, AMSO, LLC's assets, liabiliti
consolidated financial statements.

(in millions)			**Change**	
Year ended December 31,	**2016**	**2015**	**$**	**%**
General and administrative expense	$(1.0)	$(0.7)	$(0.3)	(18.0
Research and development	0.3	(1.9)	2.2	114.0
Gain on consolidation of AMSO, LLC	1.3	—	1.3	nm
Equity in net loss of AMSO, LLC	(0.2)	(0.4)	0.2	44.1
Income (loss) from operations	$0.4	$(3.0)	$3.4	114.3

nm — not meaningful

General and Administrative. General and administrative expense increa
consolidation of AMSO, LLC's general and administrative expense of $
classified as research and development expense, partially offset by a dec

Research and Development. Research and development expense consis

(in millions) **Year ended December 31,**	**2016**	**2015**
AMSO, LLC	$(0.4)	$—
Genie Mongolia	0.1	1.7
IEI	—	0.2
Total research and development expense	$(0.3)	$1.9

In 2016, AMSO, LLC reversed accrued research and development expe
dissolution. At December 31, 2016, the AMSO, LLC project was substa

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Genie Mongolia's research and development expense in 2016 and 2015
Republic of Mongolia, which was executed in April 2013, to explore ce
scaled back operations in Mongolia, and in 2016 we suspended our ope

IEI had an exclusive Shale Oil Exploration and Production License awa
was extended until July 2015 when it expired.

Gain on consolidation of AMSO, LLC. We accounted for our acquisitio
LLC as a business combination. We estimated the fair value of AMSO,
was in progress. We recognized a gain from the acquisition of Total's in
AMSO, LLC while no consideration was transferred by us, due to our as
obligations. The gain also included our gain on the remeasurement of A
value.

Equity in the Net Loss of AMSO, LLC. In part because of AMSO's deci
in 2014 and 2015, AMSO, LLC allocated its net loss mostly to Total in
effective date of Total's withdrawal from AMSO, LLC.

Corporate

Corporate does not generate any revenues, nor does it incur any cost of
consulting fees, legal fees, business development expense and other cor

(in millions)	
Year ended December 31,	**2016**
General and administrative expense and loss from operations	$9.2

The increase in Corporate general and administrative expense in 2016 c
and related expense, partially offset by a decrease in stock-based compe
revenues, Corporate general and administrative expense increased from

Consolidated

Selling, General and Administrative. Pursuant to an agreement betweer
we charge IDT for services that we provide to certain of IDT's subsidiar
of the amounts that we charged IDT, were $1.6 million and $1.8 million
general and administrative expense.

Stock-based compensation expense included in consolidated selling, ger
million in 2016 and 2015, respectively. The decrease in stock-based cor
compensation cost that was fully recognized in 2015.

The following is a discussion of our consolidated income and expense li

(in millions)			**Cha**
Year ended December 31,	**2016**	**2015**	**$**
Loss from operations	$(30.5)	$(8.3)	$(2
Interest income	0.3	0.4	(0.
Interest expense	—	—	—
Other income (expense), net	0.2	(0.2)	0.4
Provision for income taxes	(2.2)	(0.5)	(1.
Net loss	(32.2)	(8.6)	(2
Net loss attributable to noncontrolling interests	7.7	1.1	6.6
Net loss attributable to Genie	$(24.5)	$(7.5)	$(1

Other Income (Expense), net. In 2016, other income (expense), net incl
Bank GmbH revolving credit loan payable. In addition, other income (e
$0.1 million in 2016 and foreign currency transaction losses of $0.1 mil

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Provision for Income Taxes. The change in the provision for income ta
in income tax expense in GRE. GRE includes IDT Energy, certain limit
entity. For purposes of computing Federal income taxes, we consolidate
businesses offset the taxable income from GRE and reduce the consolid
are fully offset by a valuation allowance so no additional benefit for Fed
have no offset, increased in 2016 compared to 2015. IDT Energy and th
return. CCE, a consolidated variable interest entity, files a separate tax r

Net Loss Attributable to Noncontrolling Interests. The change in the ne
to 2015 was primarily due to the noncontrolling interest's share of Afek
noncontrolling interest in Afek increased from 13.5% to 14.9% and the

LIQUIDITY AND CAPITAL RESOURCES

General

We currently expect that our cash flows from operations in the next twe
and cash equivalents that we held at December 31, 2017 will be sufficie
least the year ending December 31, 2018.

At December 31, 2017, we had working capital (current assets less curr

(in millions)	**Year Dece 2017**
Cash flows provided by (used in):	
Operating activities	$9.3
Investing activities	(16
Financing activities	1.8
Effect of exchange rate changes on cash and cash equivalents	0.1
Decrease in cash and cash equivalents	$(5.3

Operating Activities

Cash provided by operating activities was $9.3 million and $15.6 millio
and cash used in operating activities was $3.1 million in the year ended
significantly from quarter to quarter and from year to year, depending o
receipts and payments, specifically trade accounts receivable and trade a
exploration activities.

Gross trade accounts receivable increased to $45.7 million at December
$27.4 million at December 31, 2015 reflecting mainly the increase in Gl
compared to the three months ended December 31, 2016 and the three m

Inventory of natural gas increased to $1.0 million at December 31, 2017
increase in the average unit cost, partially offset by a 4% decrease in qu
2016. Inventory of natural gas decreased to $0.6 million at December 31
51% decrease in the average unit cost and an 18% decrease in quantity a
Inventory at December 31, 2017, 2016 and 2015 also included $3.0 mill
energy credits.

On July 5, 2017, we entered into a class action Settlement Agreement w
behalf of the entire class, in the lawsuits currently pending in New York
Proceedings" included in this Annual Report). We estimated, based in p
payment will be approximately $9 million, although it is reasonably pos
payments pursuant to the Settlement Agreement are expected to be disbu
paid out will depend on several factors, including the number of custom
entitled. The Settlement Agreement is subject to entry of a final order by
has scheduled a hearing concerning final approval for April 9, 2018.

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In 2017, we accrued $1.5 million of estimated loss related to a pending
Proceedings" included in this Annual Report), which did not impact cas

CCE is a consolidated variable interest entity. We determined that, sinc
direct the activities of CCE that most significantly impact its economic
CCE that could potentially be significant to CCE on a stand-alone basis
of CCE, and as a result, we consolidate CCE within our GRE segment.
operations. In 2017 and 2015, CCE repaid $0.2 million and $1.0 millio
funding of $0.9 million to finance its operations.

As of November 19, 2015, certain of GRE's REPs entered into an Ame
agreement's termination date is November 30, 2019, except either party
giving the other party notice by May 31, 2018. The obligations to BP ar
from utilities in connection with their purchase of the REPs' customer's
in connection with any collateral accounts with BP. The ability to purch
to satisfaction of certain conditions including the maintenance of certai
with such covenants. At December 31, 2017, restricted cash — short-te
million were pledged to BP as collateral for the payment of the trade ac

In July 2016, in accordance with a settlement approved by the Pennsylv
agreed-upon $2.4 million to a refund administrator for refunds (in additi
affected customer in prior periods) to its Pennsylvania customers in Jan
electricity supply (see Item 3 to Part I "Legal Proceedings" included in

In December 2017, the PSC held an evidentiary hearing to assess the re
and is expected to last for at least several more months. We are evaluati
would follow from the evidentiary process, while preparing to operate i
imposed. Depending on the final language of any new order, as well as
customers, an order could have a substantial impact upon the operations
York represented 36% of GRE's total meters served and 28% of the tot

On December 16, 2016, the PSC issued the 2016 Order prohibiting RE
low-income assistance programs (see Item 3 to Part I "Legal Proceedin
with the 2016 Order and have begun the transfer of customers as requir
customer accounts comprising approximately 21,000 meters, representi
the first half of 2018.

From time to time, we receive inquiries or requests for information or m
governmental regulatory or law enforcement agencies related to investig
respond to those inquiries or requests. We cannot predict whether any o

Investing Activities

Our capital expenditures were $3.3 million, $0.6 million and $0.3 millio
subsidiary Atid Drilling Ltd., or Atid, an on-shore drilling services ventu
drilling equipment for $2 million. Atid provided drilling services to Afe

In 2017, 2016 and 2015, we used cash of $5.5 million, $12.9 million and
unproved oil and gas property in the Golan Heights in Northern Israel. V
31, 2017, of which $45.0 million was for future purchases of electricity.
the year ending December 31, 2018 will be between $1 million and $2 n

There is no current plan for a next phase of Afek's activity. Any future e
permitting. Afek may seek financing for any next phase of its activity.

On February 23, 2016, Total notified AMSO of its decision not to conti
AMSO its notice of withdrawal from AMSO, LLC. The withdrawal was
and Total agreed that Total would pay AMSO, LLC $3.0 million as full
decommissioning, winding up and dissolution of AMSO, LLC. Total wi
are less than $3.0 million. Effective April 30, 2016, AMSO, LLC's asse
in our consolidated financial statements. We accounted for our acquisiti
LLC as a business combination. We estimated the fair value of AMSO,
was in progress. We recognized a gain from the acquisition of Total's in
AMSO, LLC while no consideration was transferred by us, due to our as
obligations. The gain also included our gain on the remeasurement of A
value. The aggregate gain recognized was $1.3 million, which was inclu
consolidated statements of operations.

In 2016 and 2015, cash used for capital contributions to AMSO, LLC w

On August 10, 2017, GRE acquired Mirabito for cash of $3.9 million, n

On November 2, 2016, GRE acquired REH, a privately held owner of R
capital, or an aggregate cash payment of $10.9 million. At acquisition, R
GRE paid $0.3 million for the REH acquisition.

We received $0.4 million from an employee for the partial repayment o

On July 17, 2017, GEUK entered into a definitive agreement with EGC
31, 2017, GEUK had contributed $4.0 million to Shoreditch, and GEUK
($3.0 million at December 31, 2017) by August 1, 2018, contingent on S
EGC is obligated to contribute an aggregate of up to £1.7 million ($2.2 r
2018, contingent on Shoreditch's achievement of performance based mi

In 2016 and 2015, we used cash of $3.0 million and $8.8 million, respec
proceeds from maturities of certificates of deposit were $11.9 million an
maturities of certificates of deposit in 2017.

Financing Activities

In each of 2017, 2016 and 2015, we paid aggregate Base Dividends per
aggregate preferred stock dividends paid in each of 2017, 2016 and 201
quarterly Base Dividend of $0.1594 per share on our Series 2012-A Pre
record as of the close of business on February 6, 2018.

In 2017, 2016 and 2015, we paid aggregate dividends per share of $0.30
A common stock and Class B common stock. The aggregate dividends p
and $3.0 million, respectively. In March 2018, our Board of Directors d
A common stock and Class B common stock for the fourth quarter of 20
March 19, 2018. The dividend will be paid on or about March 23, 2018.

In the year ended December 31, 2017, GOGAS purchased from employ
million in cash.

In 2017, 2016 and 2015, we paid an aggregate of nil, $0.2 million and $
payments related to a December 2013 acquisition. At December 31, 201
outstanding.

REH had a Credit Agreement with Vantage for a revolving line of credi
principal outstanding incurred interest at one-month LIBOR plus 5.25%
any accrued and unpaid interest was due on the maturity date of Octobe
REH borrowed $3.7 million and repaid $4.9 million under the revolving

On April 4, 2017, GRE, IDT Energy, and other GRE subsidiaries entere
revolving line of credit. The borrowers consist of our subsidiaries that o
guaranteed by GRE. On April 4, 2017, the borrowers borrowed $4.3 mil
previously outstanding under the credit facility between REH and Vanta
terminated in connection with the entry into this credit agreement. The b
their receivables, bank accounts, customer agreements, certain other ma
rights. Outstanding principal amount incurs interest at LIBOR plus 4.5%
principal and any accrued and unpaid interest is due on the maturity dat
with various affirmative and negative covenants, including maintaining
agreement. To date, we are in compliance with such covenants. In 2017
$14.5 million under the revolving line of credit and repaid $12.7 million
the revolving line of credit and the effective interest rate was 5.99% per

On December 17, 2015, GRE, IDT Energy and certain affiliates entered
revolving loan facility. On December 17, 2015, GRE borrowed $2.0 mil
banking regulator, Bafin, closed Maple Bank GmbH due to impending f
investigations. In September 2016, GRE and its affiliates entered into a
Maple Bank. Under this agreement, GRE paid $1.8 million as a full sett
was terminated. Accordingly, GRE recorded a gain from this settlement

On May 31, 2017, our Loan Agreement with JPMorgan Chase Bank for
outstanding under the line of credit. Cash collateral of $10.0 million tha
consolidated balance sheet was released.

We received proceeds from the exercise of our stock options of $0.1 mil
respectively. In 2017 and 2015, we issued 15,855 shares and 25,469 sha
exercise of the stock options.

In December 2016, Afek sold a 1% equity interest to Dr. Harold Vinega
paid in cash.

In June 2011, GOGAS issued a stock option to Michael Steinhardt at an
9, 2015. The expiration date was extended for one month, and on May 9
affiliate received interests of approximately 1.5% in each of Afek, Geni
affiliate received an approximately 1.7% interest in AMSO. The exercis
million in promissory notes that were due in November 2015. The notes
50% of the shares received in the exercise. In November 2015, we recei
amount of the promissory notes. Effective December 31, 2017, the rema
the pledged shares were transferred to GOGAS. At December 31, 2016,
“Receivables for issuance of equity” in the consolidated balance sheet.

In November 2010, GOGAS sold a 0.5% equity interest to Rupert Murd
was secured by a pledge of the shares issued in exchange for the note. T
aggregate of $1.1 million for the payment of the principal and accrued i

In October 2015, GRE paid $0.2 million to the owner of the limited liab
in exchange for an option to purchase 100% of the issued and outstandi
plus the forgiveness of the $0.5 million loan. The option expires on Oct

In 2017, we paid $0.8 million to repurchase 129,898 shares of our Class
3,096 shares of our Class B common stock. In 2015, we paid $27,000 to
These shares were tendered by our employees to satisfy tax withholding
awards of restricted stock. Such shares were repurchased by us based on
to the vesting date.

GRE has the right, at its option, to satisfy its obligations to issue commo
it granted in July 2015 to officers and employees in shares of our Class
shares of our Class B common stock in exchange for 26.1 vested deferre
of our Class B common stock issued was $1.8 million.

On March 11, 2013, our Board of Directors approved a stock repurchase
million shares of our Class B common stock. There were no repurchases
2017, 6.9 million shares remained available for repurchase under the sto

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Series 2012-A Preferred Stock

At December 31, 2017, there were 2.3 million shares of our Series 2012
liquidation preference of $19.7 million. Each share of our Series 2012-A
“Liquidation Preference”), and is entitled to receive an annual dividend
plus (ii) seven and one-half percent (7.5%) of the quotient obtained by d
year of our retail energy provider business exceeds $32 million by (B) 8
EBITDA consists of income (loss) from operations exclusive of depreci

The Series 2012-A Preferred Stock is redeemable, in whole or in part, at
Liquidation Preference plus accrued and unpaid dividends, and 100% of
dividends following October 11, 2018.

During any period when we have failed to pay a dividend on the Series 2
been paid in full, we are prohibited from paying dividends or distributio

The Base Dividend is payable (if declared by our Board of Directors, an
May 15, August 15 and November 15, and to the extent that there is any
will be paid to holders of Series 2012-A Preferred Stock with the May d
amounts upon liquidation, dissolution or winding up, the Series 2012-A
we issue, the terms of which specifically provide that such equity securi
with respect to dividend rights or rights upon our liquidation, dissolution
all of our existing and future indebtedness.

Each share of Series 2012-A Preferred Stock has the same voting rights
matters that only impact our common stock, as well as additional voting
events.

Subsequent Event — Proposed Sales of Shares and Warrants

On February 15, 2018, our Board of Directors approved, subject to stock
2018, the sale of (1) 1,152,074 shares of our Class B common stock, at a
million, and (2) warrants to purchase an additional 1,048,218 shares of c

share for an aggregate exercise price of $5.0 million, to Howard S. Jona
the closing of the sale, which will take place as soon as practicable follo
Board of Directors approved, upon the same terms, the sale of up to 230
purchase an additional 209,644 shares of our Class B common stock to
The price for the sale of the shares is equal to the closing price of our Cl
first considered by our Board of Directors. The exercise price of the war

CONTRACTUAL OBLIGATIONS AND OTHER COMMERCIAL CO

The following table quantifies our future contractual obligations and oth

Payments Due by Period

(in millions)	Total	Less than 1 year
Purchase obligations	$46.4	$43.2
Renewable energy credits purchase obligations	15.6	7.9
Revolving credit loan payable (1)	3.3	0.3
Operating leases	0.3	0.2
Other liabilities (2) (3)	0.3	0.3
TOTAL CONTRACTUAL OBLIGATIONS (4) (5)	$65.9	$51.9

(1) The above table includes principal outstanding at December 31, 201

(2) The above table does not include estimated contingent payments of $
and IDT Energy Network due to the uncertainty of the amount and/o

(3) The above table does not include an aggregate of up to £2.2 million (
GEUK to Shoreditch by August 1, 2018, contingent on Shoreditch's
uncertainty of the amount and/or timing of any payments.

(4) The above table does not include an aggregate of $11.8 million in pe
uncertainty of the amount and/or timing of any payments.

(5) The above table does not include our unrecognized income tax benef
million due to the uncertainty of the amount and/or timing of any suc
taken on an income tax return may result in additional payments to ta
estimate the timing of any potential future payments. If a tax authorit
or the applicable statute of limitations expires, then additional payme

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OFF-BALANCE SHEET ARRANGEMENTS

We do not have any “off-balance sheet arrangements,” as defined in rele
current or future effect on our financial condition, results of operations,
the following. GRE has performance bonds issued through a third party
states in order to comply with the states’ financial requirements for retai
aggregate performance bonds of $11.8 million outstanding.

Item 7A. Quantitative and Qualitative Disclosures about Market Risks.

Our primary market risk exposure is the price applicable to our natural g
natural gas and electricity is primarily driven by the prevailing market p
remained the same as in 2016, due to changes in the price of natural gas
have increased by $8.3 million in 2017 and our gross profit from natural

The energy markets have historically been very volatile, and we can rea
subject to fluctuations in the future. In an effort to reduce the effects of t
operations, we have adopted a policy of hedging electricity and natural g
primarily through the use of put and call options and swaps. While the u
adverse price movements, it also limits future gains from favorable mov
options, therefore the mark-to-market change in fair value is recognized
operations.

The summarized volume of GRE’s outstanding contracts and options at
and Dth — Decatherm):

Commodity	**Settlement Dates**	**Volume**
Electricity	First quarter 2018	739,120 MWh
Electricity	Third quarter 2018	339,440 MWh
Electricity	Fourth quarter 2018	209,920 MWh
Natural gas	First quarter 2018	2,873,215 Dth
Natural gas	Second quarter 2018	306,725 Dth
Natural gas	Third quarter 2018	57,125 Dth
Natural gas	Fourth quarter 2018	66,030 Dth
Natural gas	First quarter 2019	61,350 Dth

Natural gas	Second quarter 2019	35,100 Dth
Natural gas	Third quarter 2019	19,050 Dth

Item 8. Financial Statements and Supplementary Data.

Our Consolidated Financial Statements and supplementary data and the
thereon set forth starting on page F-1 herein are incorporated herein by r

Item 9. Changes in and Disagreements with Accountants on Accounting

None.

Item 9A. Controls and Procedures.

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer and Chief Financial Officer have evaluated
(as defined in Rules 13a-15(e) and 15d-15(e) of the Securities Exchange
covered by this Annual Report on Form 10-K. Based on this evaluation,
have concluded that our disclosure controls and procedures were effecti

Report of Management on Internal Control over Financial Reportin

We, the management of Genie Energy Ltd. and subsidiaries (the "Comp
adequate internal control over financial reporting of the Company.

The Company's internal control over financial reporting is defined in Ru
Exchange Act of 1934 as a process designed by, or under the supervisio
financial officers and effected by the Company's board of directors, ma
assurance regarding the reliability of financial reporting and the prepara
purposes in accordance with generally accepted accounting principles in
that:

1. Pertain to the maintenance of records that in reasonable detail accurat
assets of the Company;

2. Provide reasonable assurance that transactions are recorded as necess
accordance with generally accepted accounting principles, and that re
in accordance with authorizations of management and directors of the

3. Provide reasonable assurance regarding prevention or timely detection
Company's assets that could have a material effect on the financial sta

Management has assessed the effectiveness of the Company's internal c
making this assessment, the Company's management used the criteria e
(2013) issued by the Committee of Sponsoring Organizations of the Tre

Under the supervision and with the participation of our management, in
officer, we conducted an evaluation of our internal control over financia
Based on our evaluation, our principal executive officer and principal fi
over financial reporting as of December 31, 2017 was effective based o
Framework (2013) issued by COSO.

Because of its inherent limitations, internal control over financial report
any evaluation of effectiveness to future periods are subject to the risk t

conditions, or that the degree of compliance with the policies or procedu

We acquired Mirabito Natural Gas in August 2017. Management has ex
and conclusion on, the effectiveness of our internal controls over financ
constituted 3.9% and 6.2% of total assets and net assets, respectively, as
net loss, respectively, for the year then ended. Management plans to full
of the effectiveness of our internal control over financial reporting in 20

BDO USA, LLP has provided an attestation report on the Company's in
2017.

Changes in Internal Control over Financial Reporting

We made changes in our internal control over financial reporting descri
have materially affected, or are reasonably likely to materially affect, ou

Estimation of Weather Impact on Estimated Unbilled Revenue

In November 2017, management concluded that there were material we
we did not maintain effective controls over the application of U.S. GAA
estimated unbilled revenue. This estimation process is performed in an e
consumption data of the customer base of the retail energy providers op
unbilled amounts. The weather adjustment in the quarter ended March 3
estimated unbilled commodity consumption, resulting in under estimate
quarter ended March 31, 2017. The nature of the estimation processes is
estimates manifest in the following period, in this case, in April 2017. T
consumption and the associated revenues and cost of revenues to be ove
operating results for the six months ended June 30, 2017 were unaffecte

We implemented the following measures to remediate the material weak
reporting:

Enhanced the review process of the inputs into the schedules for the wea

Enhanced the schedules used for the weather adjustments to improve th

Key members of management meet each month to review the estimated
with expectations.

Management Review Controls Associated with the Completeness and A
Income Tax Accounts and Disclosures

We initially identified this material weakness as of December 31, 2016.
material weakness and improve our internal control over financial repor

Engaged an independent third party to assist in preparation of and perfo
disclosures;

Enhance the review of calculations and disclosure of deferred income ta

Implement additional internal analytical procedures to validate tax acco

Enhance internal documentation support related to the Company's tax p

We believe the material weaknesses described above were remediated b

Item 9B. Other Information.

None.

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Part III

Item 10. Directors, Executive Officers and Corporate Governance.

The following is a list of our directors and executive officers along with
Securities Exchange Act of 1934:

Executive Officers

Howard S. Jonas — Chairman of the Board

Michael Stein — Chief Executive Officer

Avi Goldin — Chief Financial Officer

Geoffrey Rochwarger — Vice Chairman

Michael Jonas — Executive Vice President

Directors

Howard S. Jonas — Chairman of the Board of the Company

James A. Courter — Vice Chairman of the Board of the Company

W. Wesley Perry — Owner and operator of S.E.S. Investments, Ltd., an

Alan B. Rosenthal — Founder and managing partner of ABR Capital Fi

Allan Sass — Former President and Chief Executive Officer of Occiden

The remaining information required by this Item will be contained in ou which will be filed with the Securities and Exchange Commission withi incorporated by reference herein.

Corporate Governance

We have included as exhibits to this Annual Report on Form 10-K certi Officer certifying the quality of our public disclosure.

We make available free of charge through the investor relations page of 10–K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K a ownership reports on Forms 3, 4 and 5 filed by directors, officers and be reasonably practicable after such reports are electronically filed with the codes of business conduct and ethics for all of our employees, including and principal accounting officer. Copies of the codes of business conduc

Our web site and the information contained therein or incorporated ther Report on Form 10-K or our other filings with the SEC.

Item 11. Executive Compensation.

The information required by this Item will be contained in our Proxy St filed with the Securities and Exchange Commission within 120 days aft reference herein.

Item 12. Security Ownership of Certain Beneficial Owners and Manage

The information required by this Item will be contained in our Proxy Sta
filed with the Securities and Exchange Commission within 120 days afte
reference herein.

Item 13. Certain Relationships and Related Transactions, and Director I

The information required by this Item will be contained in our Proxy Sta
filed with the Securities and Exchange Commission within 120 days afte
reference herein.

Item 14. Principal Accounting Fees and Services.

The information required by this Item will be contained in our Proxy Sta
filed with the Securities and Exchange Commission within 120 days afte
reference herein.

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Part IV

Item 15. Exhibits, Financial Statement Schedules.

(a) The following documents are filed as part of this Report:

Report of Independent Registered Public Accounting Firm on Interna

1. Report of Independent Registered Public Accounting Firm on Consol

Consolidated Financial Statements covered by Report of Independen

Financial Statement Schedules.

2. All schedules have been omitted since they are either included in the or not applicable.

3. The exhibits listed in paragraph (b) of this item. Exhibit Numbers 10 compensatory plans or arrangements.

(b) Exhibits.

Exhibit Number	Description of Exhibits
3.01(1)	Amended and Restated Certificate of Incorporation of the Reg
3.02(2)	Amended and Restated Certificate of Designation of Series 20
3.03(3)	Amended and Restated By-Laws of the Registrant.
10.01(4)	Third Amended and Restated Employment Agreement, effecti Howard S. Jonas.
10.02(5)	Restricted Stock Agreement between the Registrant and Howa
10.03(6)	Second Amended and Restated Employment Agreement, effec Goldin.
10.04(7)	Employment Agreement, dated June 17, 2015, between the Re

10.05[8]	2011 Stock Option and Incentive Plan of Genie Energy Ltd.
10.06[1]	Preferred Supplier Agreement between IDT Energy, Inc. and I
21.01*	Subsidiaries of the Registrant.
23.01*	Consent of BDO USA, LLP
31.01*	Certification of Chief Executive Officer pursuant to Section 3
31.02*	Certification of Chief Financial Officer pursuant to Section 30
32.01*	Certification of Chief Executive Officer pursuant to Section 9
32.02*	Certification of Chief Financial Officer pursuant to Section 90

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Exhibit Number	Description of Exhibits
101.INS*	XBRL Instance Document
101.SCH*	XBRL Taxonomy Extension Schema Document
101.CAL*	XBRL Taxonomy Extension Calculation Linkbase Documen
101.DEF*	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB*	XBRL Taxonomy Extension Label Linkbase Document
101.PRE*	XBRL Taxonomy Extension Presentation Linkbase Docume

* filed herewith.

(1) Incorporated by reference to Form 10-12G/A, filed October 7, 2011.

(2) Incorporated by reference to Exhibit 99(A)(1)(A) to Schedule TO, fi

(3) Incorporated by reference to Form 8-K filed August 9, 2012.

(4) Incorporated by reference to Form 8-K/A, filed November 6, 2017.

(5) Incorporated by reference to Form 10-Q, filed November 9, 2017.

(6) Incorporated by reference to Form 8-K/A, filed January 2, 2018.

(7) Incorporated by reference to Form 8-K/A, filed June 23, 2015.

(8) Incorporated by reference to Form 10-12G/A, filed October 27, 2011

Item 16. Form 10-K Summary

None.

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Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exc
Annual Report on Form 10-K to be signed on its behalf by the undersign

GENIE ENERGY LTD.

By: /s/ Michael Stein
Chief Executive Officer

Date: March 16, 2018

Pursuant to the requirements of the Securities Exchange Act of 1934, th
following persons on behalf of the Registrant and in the capacities and o

Signature	Titles
/s/ Howard S. Jonas Howard S. Jonas	Chairman of the Board and Director
/s/ Michael Stein Michael Stein	Chief Executive Officer (Principal Executive Off
/s/ Avi Goldin Avi Goldin	Chief Financial Officer (Principal Financial Offic Principal Accounting Officer)
/s/ James A. Courter James A. Courter	Vice Chairman of the Board and Director
/s/ W. Wesley Perry W. Wesley Perry	Director
/s/ Alan B. Rosenthal Alan B. Rosenthal	Director
/s/ Allan Sass Allan Sass	Director

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTIN

Board of Directors and Stockholders

Genie Energy Ltd.

Newark, New Jersey

Opinion on Internal Control over Financial Reporting

We have audited Genie Energy Ltd.'s (the "Company's") internal contro criteria established in *Internal Control – Integrated Framework (2013)* i Treadway Commission (the "COSO criteria"). In our opinion, the Comp control over financial reporting as of December 31, 2017, based on the C

We also have audited, in accordance with the standards of the Public Co ("PCAOB"), the consolidated balance sheets of the Company and subsid consolidated statements of operations, comprehensive loss, equity and c December 31, 2017, and the related notes and our report dated March 16

Basis for Opinion

The Company's management is responsible for maintaining effective in of the effectiveness of internal control over financial reporting, included Control over Financial Reporting". Our responsibility is to express an op reporting based on our audit. We are a public accounting firm registered respect to the Company in accordance with U.S. federal securities laws a Exchange Commission and the PCAOB.

We conducted our audit of internal control over financial reporting in ac require that we plan and perform the audit to obtain reasonable assuranc reporting was maintained in all material respects. Our audit included obt reporting, assessing the risk that a material weakness exists, and testing

internal control based on the assessed risk. Our audit also included perfo
the circumstances. We believe that our audit provides a reasonable basis

As indicated in the accompanying "Management's Report on Internal C
and conclusion on the effectiveness of internal control over financial rep
Natural Gas, which was acquired on August 10, 2017, and which is incl
subsidiaries as of December 31, 2017, and the related consolidated state
flows for the year then ended. Mirabito Natural Gas constituted 4% and
December 31, 2017, and 1% and 3% of revenues and net loss, respectiv
effectiveness of internal control over financial reporting of Mirabito Nat
completed on August 10, 2017. Our audit of internal control over financ
evaluation of the internal control over financial reporting of Mirabito Na

Definition and Limitations of Internal Control over Financial Reporting

A company's internal control over financial reporting is a process desig
of financial reporting and the preparation of financial statements for ext
accounting principles. A company's internal control over financial repor
the maintenance of records that, in reasonable detail, accurately and fair
company; (2) provide reasonable assurance that transactions are recorde
in accordance with generally accepted accounting principles, and that re
in accordance with authorizations of management and directors of the co
prevention or timely detection of unauthorized acquisition, use, or dispo
effect on the financial statements.

Because of its inherent limitations, internal control over financial report
projections of any evaluation of effectiveness to future periods are subje
of changes in conditions, or that the degree of compliance with the polic

/s/ BDO USA, LLP
Woodbridge, New Jersey
March 16, 2018

GENIE ENERGY LTD.

Index to Consolidated Financial Statements

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTIN

Shareholders and Board of Directors
Genie Energy Ltd.
Newark, New Jersey

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated balance sheets of Geni
(the "Company") as of December 31, 2017 and 2016, the related consol
cash flows for each of the three years in the period ended December 31,
"consolidated financial statements"). In our opinion, the consolidated fi
financial position of the Company at December 31, 2017 and 2016, and
the three years in the period ended December 31, 2017**,** in conformity w
States of America.

We also have audited, in accordance with the standards of the Public Co
("PCAOB"), the Company's internal control over financial reporting as
Control – Integrated Framework (2013) issued by the Committee of Sp
and our report dated March 16, 2018 expressed an unqualified opinion t

Basis for Opinion

These consolidated financial statements are the responsibility of the Co
opinion on the Company's consolidated financial statements based on o
PCAOB and are required to be independent with respect to the Compan
applicable rules and regulations of the Securities and Exchange Commis

We conducted our audits in accordance with the standards of the PCAO
audit to obtain reasonable assurance about whether the consolidated fin
due to error or fraud.

Our audits included performing procedures to assess the risks of materia
whether due to error or fraud, and performing procedures that respond t
basis, evidence regarding the amounts and disclosures in the consolidate
the accounting principles used and significant estimates made by manag
consolidated financial statements. We believe that our audits provide a r

/s/ BDO USA, LLP

We have served as the Company's auditor since 2013.

Woodbridge, New Jersey
March 16, 2018

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GENIE ENERGY LTD.

CONSOLIDATED BALANCE SHEETS

December 31
(in thousands)
ASSETS
CURRENT ASSETS:
Cash and cash equivalents
Restricted cash – short-term
Trade accounts receivable, net of allowance for doubtful accounts of $1
December 31, 2017 and 2016, respectively
Inventory
Prepaid expenses
Other current assets
TOTAL CURRENT ASSETS
Property and equipment, net
Goodwill
Other intangibles, net
Investment in joint venture
Restricted cash – long-term
Deferred income tax assets, net
Other assets
TOTAL ASSETS
LIABILITIES AND EQUITY
CURRENT LIABILITIES:
Revolving line of credit
Trade accounts payable
Accrued expenses
Income taxes payable
Due to IDT Corporation
Other current liabilities
TOTAL CURRENT LIABILITIES
Revolving line of credit
Other liabilities
TOTAL LIABILITIES
Commitments and contingencies (Note 15 and Note 16)
EQUITY:
Genie Energy Ltd. stockholders' equity:
Preferred stock, $.01 par value; authorized shares – 10,000:
Series 2012-A, designated shares – 8,750; at liquidation preference, con
outstanding at December 31, 2017 and 2016
Class A common stock, $.01 par value; authorized shares – 35,000; 1,57
outstanding at December 31, 2017 and 2016

Class B common stock, $.01 par value; authorized shares – 200,000; 23,
23,270 and 23,073 shares outstanding at December 31, 2017 and 2016, r
Additional paid-in capital
Treasury stock, at cost, consisting of 331 and 201 shares of Class B com
December 31, 2017 and 2016, respectively
Accumulated other comprehensive income
Accumulated deficit
Total Genie Energy Ltd. stockholders' equity
Noncontrolling interests:
Noncontrolling interests
Receivable for issuance of equity
Total noncontrolling interests
TOTAL EQUITY
TOTAL LIABILITIES AND EQUITY

See accompanying notes to consolidated financial statements.

GENIE ENERGY LTD.

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)
REVENUES:
Electricity
Natural gas
Other
Total revenues
Cost of revenues
GROSS PROFIT
OPERATING EXPENSES, (GAINS) AND LOSSES:
Selling, general and administrative (i)
Research and development
Exploration
Write-off of capitalized exploration costs
Other operating loss, net
Gain on consolidation of AMSO, LLC
Equity in the net loss of joint ventures
Loss from operations
Interest income
Interest expense
Other (expense) income, net
Loss before income taxes
Provision for income taxes
NET LOSS
Net loss attributable to noncontrolling interests
NET LOSS ATTRIBUTABLE TO GENIE ENERGY LTD.
Dividends on preferred stock
NET LOSS ATTRIBUTABLE TO GENIE ENERGY LTD. COMMON

Basic and diluted loss per share attributable to Genie Energy Ltd. comm

Weighted-average number of shares used in calculation of basic and dilu

(i) Stock-based compensation included in selling, general and administra

See accompanying notes to consolidated financial statements.

GENIE ENERGY LTD.

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS

(in thousands)
NET LOSS
Other comprehensive income:
Foreign currency translation adjustments
COMPREHENSIVE LOSS
Comprehensive loss attributable to noncontrolling interests
COMPREHENSIVE LOSS ATTRIBUTABLE TO GENIE ENERGY L

See accompanying notes to consolidated financial statements.

GENIE ENERGY LTD.

CONSOLIDATED STATEMENTS OF EQUITY (in thousands)

	Genie Energy Ltd. Stockholders						
	Preferred		Class A		Class B		Addit
	Stock		Common Stock		Common Stock		Paid-
	Shares	Amount	Shares	Amount	Shares	Amount	Capit
BALANCE AT DECEMBER 31, 2014	2,322	$19,743	1,574	$16	23,178	$232	$114
Dividends on preferred stock	—	—	—	—	—	—	—
Dividends declared on common stock ($0.12 per share)	—	—	—	—	—	—	—
Restricted Class B common stock purchased from employees	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	5,09
Restricted stock issued to employees and directors	—	—	—	—	36	—	—
Exercise of stock options	—	—	—	—	25	—	174
Exercise of GOGAS stock option	—	—	—	—	—	—	5,97
Collection of receivables for issuance of equity	—	—	—	—	—	—	79
	—	—	—	—	—	—	(1,2

Subsidiary equity grant reclassified to liability							
Payment for option to purchase noncontrolling interests	—	—	—	—	—	—	—
Other comprehensive income	—	—	—	—	—	—	—
Net loss for the year ended December 31, 2015	—	—	—	—	—	—	—
BALANCE AT DECEMBER 31, 2015	2,322	19,743	1,574	16	23,239	232	124
Dividends on preferred stock	—	—	—	—	—	—	—
Dividends on common stock ($0.24 per share)	—	—	—	—	—	—	—
Restricted Class B common stock purchased from employees	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	—	—	4,12
Restricted stock issued to employees and directors	—	—	—	—	35	1	—

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GENIE ENERGY LTD.

CONSOLIDATED STATEMENTS OF EQUITY (in thousands) — (Co

	Genie Energy Ltd. Stockholders						
	Preferred Stock		Class A Common Stock		Class B Common Stock		Addi Paid-
	Shares	Amount	Shares	Amount	Shares	Amount	Capi
Sale of equity of subsidiary	—	—	—	—	—	—	1,36
Subsidiary equity grant reclassified to liability	—	—	—	—	—	—	(1,6
Other comprehensive income	—	—	—	—	—	—	—
Net loss for the year ended December 31, 2016	—	—	—	—	—	—	—
BALANCE AT DECEMBER 31, 2016	2,322	19,743	1,574	16	23,274	233	128
Dividends on preferred stock	—	—	—	—	—	—	—
Dividends on common stock ($0.30 per share)	—	—	—	—	—	—	—
Restricted Class B common stock purchased from employees	—	—	—	—	—	—	—
Stock-based compensation	—	—	—	—	24	—	3,09
Exercise of stock options	—	—	—	—	16	—	108

Purchases of equity of subsidiary	—	—	—	—	—	—	(74
Class B common stock issued for GRE deferred stock units	—	—	—	—	287	3	1,8
Receivable for issuance of equity of subsidiary written-off	—	—	—	—	—	—	(1,6
Other comprehensive income	—	—	—	—	—	—	—
Net loss for the year ended December 31, 2017	—	—	—	—	—	—	—
BALANCE AT DECEMBER 31, 2017	2,322	$19,743	1,574	$16	23,601	$236	$130

See accompanying notes to consolidated financial statements.

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GENIE ENERGY LTD.

CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)
OPERATING ACTIVITIES
Net loss
Adjustments to reconcile net loss to net cash provided by (used in) opera
Depreciation and amortization
Deferred income taxes
Provision for doubtful accounts receivable
Stock-based compensation
Loss on disposal of property
Gain from repayment of revolving credit loan payable
Write-off of capitalized exploration costs
Gain on consolidation of AMSO, LLC
Equity in the net loss of joint ventures
Change in assets and liabilities, net of effect of acquisition:
Restricted cash
Trade accounts receivable
Inventory
Prepaid expenses
Other current assets and other assets
Trade accounts payable, accrued expenses and other current liabilities
Due to IDT Corporation
Income taxes payable
Net cash provided by (used in) operating activities
INVESTING ACTIVITIES
Capital expenditures
Investments in capitalized exploration costs – unproved oil and gas prop
Proceeds from disposal of property
Cash acquired from consolidation of AMSO, LLC
Capital contribution to AMSO, LLC received from Total
Capital contributions to AMSO, LLC
Payment for acquisition, net of cash acquired
Repayment of notes receivable
Investment in joint venture
Purchases of certificates of deposit
Proceeds from maturities of certificates of deposit
Net cash used in investing activities
FINANCING ACTIVITIES
Dividends paid
Purchases of equity of subsidiary
Payment for acquisitions

Proceeds from revolving line of credit and loan payable
Repayment of revolving line of credit and loan payable
Decrease in restricted cash
Proceeds from exercise of stock options
Proceeds from sales of equity of subsidiaries
Collection of receivables for issuance of equity
Payment for option to purchase noncontrolling interests
Repurchases of Class B common stock
Net cash provided by (used in) financing activities
Effect of exchange rate changes on cash and cash equivalents
Net decrease in cash and cash equivalents
Cash and cash equivalents at beginning of period
Cash and cash equivalents at end of period
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION
Cash payments made for interest
Cash payments made for income taxes
SUPPLEMENTAL SCHEDULE OF NON-CASH FINANCING AND I
Class B common stock issued for GRE deferred stock units
Receivable for issuance of equity written-off
Subsidiary equity grant reclassified to liability
Liability incurred for acquisition
Receivables for issuance of equity of subsidiaries

See accompanying notes to consolidated financial statements.

GENIE ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1 — Description of Business and Summary of Significant Accoun

Description of Business

Genie Energy Ltd. ("Genie"), a Delaware corporation, was incorporated
Energy International Corporation ("GEIC"), which owns 100% of Geni
("GOGAS"). The "Company" in these financial statements refers to Ge
respective subsidiaries, on a consolidated basis.

Genie is comprised of GRE, which owns and operates retail energy prov
Residents Energy, Inc. ("Residents Energy"), Town Square Energy, and
brokerage and advisory services. Its REP businesses resell electricity an
the Eastern and Midwestern United States. Genie is also comprised of G
GOGAS holds an 86.1% interest in Afek Oil and Gas, Ltd. ("Afek"), an
Northern Israel, whose operations have been suspended. GOGAS also h
projects.

GRE has outstanding deferred stock units granted to officers and emplo

Basis of Consolidation

The method of accounting applied to long-term investments, whether co
significant terms of each investment that explicitly grant or suggest evid
investee and also includes the identification of any variable interests in
consolidated financial statements include the Company's controlled sub
Company is the primary beneficiary (see Note 13). All significant interc
entities are eliminated.

Accounting for Investments

Investments in businesses that the Company does not control, but in whi
influence over operating and financial matters, are accounted for using t
equity method investments for impairment due to declines considered to
decline in fair value is other than temporary, then a charge to earnings is

Use of Estimates

The preparation of financial statements in conformity with accounting p
("U.S. GAAP") requires management to make estimates and assumption
and accompanying notes. Actual results may differ from those estimates

Revenue Recognition

Revenues from GRE's sale of electricity and natural gas are recognized
and natural gas to customers. Revenues from electricity and natural gas
accounts receivable. Cash received in advance from customers under bil
included in "Accrued expenses" in the accompanying consolidated balan

In May 2014, the Financial Accounting Standards Board ("FASB") and
comprehensive new revenue recognition standard that superseded most
International Financial Reporting Standards ("IFRS"). The goals of the r
revenue recognition principles under U.S. GAAP and IFRS and to devel
recognition requirements. The Company adopted this standard on Janua

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GENIE ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

The Company has substantially completed its evaluation of the effects o
have any impact on revenue recognition and measurement in its consoli
in requirements contracts are considered to be options for additional goo
AICPA Power and Utilities Industry Task Force Issue No. 13-2. Revenu
is delivered to the customer. The Company will estimate variable consid
value method and a portfolio approach. The Company expects to apply a
as the estimated customer relationship periods are currently less than tw
relationship periods going forward to ensure compliance with the applic
standard will not have any impact on the Company's current method of

The Company is also currently reviewing future required disclosures, an
completing the implementation in connection with its first quarter 2018

Cost of Revenues

Cost of revenues for GRE consists primarily of the cost of natural gas an
scheduling costs, Independent System Operator ("ISO") fees, pipeline c
fair value of GRE's futures contracts, swaps and put and call options are
of revenues.

Research and Development Costs

Research and development costs are charged to expense as incurred.

Oil and Gas Exploration Costs

The Company accounts for its oil and gas activities under the successful
of drilling exploratory wells and exploratory-type stratigraphic test well
has found proved reserves. Other exploration costs are charged to expen
impairment, and if considered impaired, are charged to expense when su

Cash and Cash Equivalents

The Company considers all highly liquid investments with an original m
equivalents.

Inventory

Inventory consists of natural gas, which is stored at various third parties
million at December 31, 2017 and 2016, respectively. Inventory also inc
million at December 31, 2017 and 2016, respectively.

On January 1, 2017, the Company adopted the Accounting Standards U
inventory to the lower of cost and net realizable value. Net realizable va
business, less reasonably predictable costs of completion, disposal and t
significant impact on the Company's consolidated financial statements.
was valued at weighted average cost, which was based on the purchase p
minus injections or withdrawals.

Renewable Energy Credits

GRE must obtain a certain percentage or amount of its power supply fro
requirements of renewable portfolio standards in the states in which it o
renewable energy credits that provide evidence that electricity has been
GRE holds renewable energy credits for both sale and use, and treats the
construction of renewable power plants. Renewable energy credits are v
purchase price. Gains and losses from the sale of renewable energy cred
transferred to the buyer.

Long-Lived Assets

Computer software and development, computers and computer hardwar
and other are recorded at cost and are depreciated on a straight-line basi
computer software and development — 2, 3 or 5 years; computers and c
7 years, and office equipment and other —5 or 7 years. Leasehold impr
cost and are depreciated on a straight-line basis over the term of their le

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GENIE ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

The fair value of patents and trademarks, non-compete agreements and c
accounted for under the purchase method are amortized over their estim
amortized on a straight-line basis over the 20-year period of expected ca
straight-line basis over their 2 year term; and customer relationships are
cash flows.

The Company tests the recoverability of its long-lived assets with finite
indicate that the carrying value of the asset may not be recoverable. The
undiscounted cash flows to be derived from such asset. If the projected u
value of the asset, the Company will record an impairment loss based on
carrying value of the asset. The Company generally measures fair value
discounting estimated future cash flows from such asset using an approp
estimates require significant estimates and assumptions by management
the Company may be required to record impairments in future periods a

Goodwill and Indefinite Lived Intangible Assets

Goodwill is the excess of the acquisition cost of businesses over the fair
other indefinite lived intangible assets are not amortized. These assets ar
conditions) for impairment using a fair value approach.

In 2017, the Company adopted the ASU that simplifies the subsequent m
goodwill impairment test. In computing the implied fair value of goodw
determine the fair value at the impairment testing date of its assets and l
following the procedure that would be required in determining the fair v
combination. Instead, under the amendments in this ASU, the Company
comparing the fair value of a reporting unit with its carrying amount. Th
amount by which the carrying amount exceeds the reporting unit's fair v
amount of goodwill allocated to that reporting unit. Additionally, the Co
goodwill on the carrying amount of the reporting unit when measuring t

The fair value of the reporting unit is estimated using discounted cash fl
value indicators. Calculating the fair value of the reporting units require
Should the estimates and assumptions regarding the fair value of the rep
required to record impairments to its goodwill in future periods and such

The Company has the option to perform a qualitative assessment to dete
goodwill impairment test. However, the Company may elect to perform
indications of a potential impairment exist.

For the impairment test of the Company's indefinite-lived intangible ass
Company determines that it is more likely than not that an indefinite-liv
certain qualitative factors.

Derivative Instruments and Hedging Activities

The Company records its derivatives instruments at their respective fair
gains or losses) of a derivative instrument is dependent upon whether th
hedging relationship and further, on the type of hedging relationship.

Due to the volatility of electricity and natural gas prices, GRE enters int
against unfavorable fluctuations in market prices of electricity and natur
Company does not designate its derivative instruments to qualify for hed
put and call options are recorded at fair value as a current asset or liabili
revenues" in the consolidated statements of operations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

In addition to the above, GRE utilizes forward physical delivery contrac
which are defined as commodity derivative contracts. Using the exempt
normal purchase and normal sale accounting treatment to its forward ph
adjusted to fair value. GRE also applies the normal purchase and norma
physical delivery of electricity in nodal energy markets that result in loc
not constitute a net settlement, even when legal title to the electricity is
recognizes revenue from customer sales, and the related cost of revenue
delivered to retail customers.

Repairs and Maintenance

The Company charges the cost of repairs and maintenance, including th
betterment, to selling, general and administrative expense as these costs

Foreign Currency Translation

Assets and liabilities of foreign subsidiaries denominated in foreign cur
exchange, and their monthly results of operations are translated to U.S.
Gains or losses resulting from such foreign currency translations are rec
accompanying consolidated balance sheets. Foreign currency transactio
net" in the accompanying consolidated statements of operations.

Advertising Expense

Cost of advertising for customer acquisitions are charged to selling, gen
incurred. Most of the advertisements are in print, over the radio, or direc
2015, advertising expense included in selling, general and administrativ

respectively.

Income Taxes

The Company recognizes deferred tax assets and liabilities for the futur
between the financial statements carrying amounts of existing assets an
allowance is provided when it is more likely than not that some portion
realization of deferred tax assets depends on the generation of future ta
differences become deductible. The Company considers the scheduled r
income and tax planning strategies in its assessment of a valuation allow
the enacted tax rates expected to apply to taxable income in the years in
recovered or settled. The effect on deferred tax assets and liabilities of a
includes the enactment date of such change.

The Company uses a two-step approach for recognizing and measuring
Company determines whether it is more-likely-than-not that a tax positi
of any related appeals or litigation processes, based on the technical me
met the more-likely-than-not recognition threshold, the Company presu
taxing authority that has full knowledge of all relevant information. Tax
threshold are measured to determine the amount of tax benefit to recogn
at the largest amount of benefit that is greater than 50 percent likely of b
tax positions taken in a tax return and amounts recognized in the financi
following: an increase in a liability for income taxes payable, a reductio
deferred tax asset, or an increase in a deferred tax liability.

The Company classifies interest and penalties on income taxes as a com

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GENIE ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

Contingencies

The Company accrues for loss contingencies when both (a) information
indicates that it is probable that a liability had been incurred at the date o
reasonably be estimated. When the Company accrues for loss contingen
the Company records its best estimate within the range. When no amoun
the Company accrues the minimum amount in the range. The Company
it is at least reasonably possible that a loss may have been incurred.

Earnings Per Share

Basic earnings per share is computed by dividing net income or loss attr
Company by the weighted average number of shares of all classes of co
Diluted earnings per share is determined in the same manner as basic ea
increased to include restricted stock still subject to risk of forfeiture and
the treasury stock method, unless the effect of such increase is anti-dilut

The following shares were excluded from the diluted earnings per share
anti-dilutive:

	Year ended December 31,	
(in thousands)	**2017**	**2016**
Stock options	383	414
Non-vested restricted Class B common stock	762	1,226
Shares excluded from the	1,145	1,640

calculation of
diluted earnings
per share

The diluted loss per share equals basic loss per share in the years ended
had a net loss and the impact of the assumed exercise of stock options a

In March 2018, the Company and an entity affiliated with Lord (Jacob)
exercise its option to exchange its 5% equity interest in GOGAS for Cla
of $0.2 million.

Employees and directors of the Company that were previously granted r
Mongolia") have the right to exchange the restricted stock, upon vesting
stock. GRE has the right, at its option, to satisfy its obligations to issue
units it granted in July 2015 to officers and employees of the Company
These exchanges and issuances, if elected, would be based on the relati
number of shares of the Company's stock issuable in an exchange is not
issued upon such exchange, the Company's earnings per share may be d

Stock-Based Compensation

The Company recognizes compensation expense for grants of stock-bas
on the grant date. Stock based awards granted to nonemployees are mar
cost for awards is recognized using the straight-line method over the re
Stock-based compensation is included in selling, general and administra

Vulnerability Due to Certain Concentrations

Financial instruments that potentially subject the Company to concentra
equivalents, restricted cash, certificates of deposit and trade accounts re
restricted cash and certificates of deposit at several major financial insti
the Company has not experienced any losses due to such concentration
policy is to limit the dollar amount of investments with any one financia
institutions. While the Company may be exposed to credit losses due to
Company does not expect the settlement of these transactions to have a
financial condition.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

GRE's REPs reduce their customer credit risk by participating in purcha
In addition to providing billing and collection services, utility companie
without recourse to those REPs. GRE's REPs' primary credit risk is ther
utility companies represent significant portions of the Company's conso
receivable balance and such concentrations increase the Company's risk

The following table summarizes the percentage of consolidated revenue
10% of consolidated revenues in the period (no other single utility comp
in these periods):

	Year ended December 31,		
	2017	2016	2015
Con Edison	15%	20 %	23 %
ComEd	10%	13 %	na
National Grid USA	**na**	na	12 %

na – less than 10% of consolidated revenue in the period

The following table summarizes the percentage of consolidated gross tra
exceed 10% of consolidated gross trade accounts receivable at Decembe
accounted for 10% or greater of the Company's consolidated gross trade

December 31	**2017**	**2016**
Con Edison	11 %	15 %
ComEd	**na**	10 %

na – less than 10% of consolidated gross trade accounts receivable

Allowance for Doubtful Accounts

The allowance for doubtful accounts reflects the Company's best estima
balance. The allowance is determined based on known troubled account
evidence. Doubtful accounts are written-off upon final determination tha
allowance for doubtful accounts was as follows:

(in thousands)	Balance at beginning of period	Additions charged (reversals credited) to expense
Year ended December 31, 2017		
Reserves deducted from accounts receivable:		
Allowance for doubtful accounts	$ 171	$ 762
Year ended December 31, 2016		
Reserves deducted from accounts receivable:		
Allowance for doubtful accounts	$ 182	$ 8
Year ended December 31, 2015		
Reserves deducted from accounts receivable:		
Allowance for doubtful accounts	$ 227	$ (29)

(1) Primarily uncollectible accounts written off, net of recoveries.

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GENIE ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

Fair Value Measurements

Fair value of financial and non-financial assets and liabilities is defined
sell an asset or paid to transfer a liability in an orderly transaction betwe
three-tier hierarchy for inputs used to measure fair value, which prioritiz
value, is as follows:

Level 1	quoted prices (unadjusted) in active markets for identical assets
Level 2	quoted prices for similar assets and liabilities in active markets o directly or indirectly through market corroboration, for substanti
Level 3	unobservable inputs based on the Company's assumptions used

A financial asset or liability's classification within the hierarchy is deter
fair value measurement. The assessment of the significance of a particul
and may affect the valuation of the assets and liabilities being measured

Accounting Standards Updates

In January 2016, the FASB issued an ASU to provide more information
of financial instruments. The amendments in the ASU include, among o
those accounted for under the equity method or that result in consolidati
recognized in net income, (2) a qualitative assessment each reporting pe
readily determinable fair values, (3) financial assets and financial liabili
and form of financial asset on the balance sheet or the notes to the finan
a valuation allowance on a deferred tax asset related to available-for-sal
assets. Entities will no longer be able to recognize unrealized holding ga
available-for-sale in other comprehensive income. In addition, a practica
do not have readily determinable fair values and do not qualify for the n

measured at cost, less any impairment, plus or minus changes resulting f
identical or similar investment of the same issuer. Entities will have to r
qualifies for this practicability exception. The Company adopted the am
have a significant impact on the Company's consolidated financial state

In February 2016, the FASB issued an ASU related to the accounting fo
model that requires a lessee to record a ROU asset and a lease liability o
months. Leases will be classified as either finance or operating, with cla
income statement. The Company will adopt the new standard on Januar
required for lessees for capital and operating leases existing at, or entere
presented in the financial statements, with certain practical expedients a
standard will have on its consolidated financial statements.

In June 2016, the FASB issued an ASU that changes the impairment mo
For receivables, loans and other instruments, entities will be required to
generally will result in the earlier recognition of allowance for losses. Fo
entities will measure credit losses in a manner similar to current practice
of reductions in the amortized cost of the securities. In addition, an entit
allowances, credit quality indicators and past due securities. The new pr
retained earnings. The Company will adopt the new standard on January
standard will have on its consolidated financial statements.

In November 2016, the FASB issued an ASU that includes specific guid
restricted cash and cash equivalents in the statement of cash flows. The
flows explain the change during the period in the total of cash, cash equ
or restricted cash equivalents. Amounts generally described as restricted
cash and cash equivalents when reconciling the beginning of the period
of cash flows. The ASU will be applied using a retrospective transition m
amendments in this ASU on January 1, 2018. Beginning in the first quar
beginning of the period and end of the period cash and cash equivalents
provided by operating and financing activities.

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GENIE ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

In January 2017, the FASB issued an ASU to clarify the definition of a b
entities with evaluating whether transactions should be accounted for as
current guidance, there are three elements of a business—inputs, process
(collectively referred to as a “set”) that is a business usually has outputs
inputs and processes that a seller uses in operating a set are not required
produce outputs, for example, by integrating the acquired set with their o
provide a screen to determine when a set is not a business. The screen re
gross assets acquired (or disposed of) is concentrated in a single identifi
not a business. This screen reduces the number of transactions that need
amendments in this ASU (1) require that to be considered a business, a s
process that together significantly contribute to the ability to create outp
participant could replace missing elements. The amendments provide a f
input and a substantive process are present. The framework includes two
outputs. Although outputs are not required for a set to be a business, out
FASB has developed more stringent criteria for sets without outputs. La
Company adopted the amendments in this ASU on January 1, 2018. The
acquisitions and disposals of assets or businesses on a prospective basis
consolidated financial statements.

In August 2017, the FASB issued an ASU intended to improve the finan
economic results of an entity’s risk management activities in its financia
improvements to simplify the application of hedge accounting guidance
for the Company on January 1, 2019. Early application is permitted. Ent
investment hedge relationships that exist on the date of adoption using a
disclosure requirements will be applied prospectively. The Company is e
consolidated financial statements.

Note 2 — Acquisitions

Acquisition of Retail Energy Holdings, LLC

On November 2, 2016, GRE acquired Retail Energy Holdings, LLC ("R
$1.4 million for REH's working capital, or an aggregate cash payment o
eight states. REH's licenses and customer base expanded GRE's geogra
Island, Massachusetts and Connecticut – and provided additional electri
Pennsylvania. REH operates as a wholly owned subsidiary utilizing the
date of acquisition, which were not significant, are included in the Comp

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GENIE ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

The impact of the acquisition's purchase price allocations on the Compa
value of the total consideration transferred were as follows:

(in thousands)	
Trade accounts receivable	$3,614
Inventory	287
Prepaid expenses	81
Other current assets	26
Property and equipment	110
Trademark	2,100
Non-compete agreement	110
Customer relationships (2-year useful life)	2,100
Goodwill	5,065
Other assets	1,600
Revolving line of credit	(1,919)
Trade accounts payable	(2,620)
Accrued expenses	(1,542)
Net assets excluding cash acquired	$9,012
Supplemental information:	
Cash paid	$10,949
Cash acquired	(2,249)
Cash paid, net of cash acquired	8,700
Liability for additional purchase price (paid in 2017)	312
Total consideration, net of cash acquired	$9,012

The goodwill resulting from the acquisition is primarily attributable to t
from the combination of GRE and REH's REP businesses. None of the

The following table presents unaudited pro forma information of the Co

Year ended
December 31,

(in thousands)	2016	2015
Revenues	$243,147	$243,165
Net loss	$(32,303)	$(11,256)

Acquisition of Mirabito Natural Gas

On August 10, 2017, GRE acquired Mirabito Natural Gas, a Ft. Lauderd
LLC ("Angus") for an aggregate cash payment of $4.0 million. Mirabito
Florida. Mirabito's operating results from the date of acquisition, which
consolidated financial statements.

Also on August 10, 2017, GRE and Angus entered into a Management A
functions required to run and operate Mirabito. The Management Agree
by GRE for failure to achieve the business profit thresholds contained in
management fee from GRE equal to the greater of 30% of the business p

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GENIE ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

The impact of the acquisition's purchase price allocations on the Compa
value of the total consideration transferred were as follows:

(in thousands)	
Trade accounts receivable	$509
Prepaid expenses	60
Non-compete agreement	5
Customer relationships (9-year useful life)	1,100
Patents and trademarks	760
Goodwill	1,270
Other assets	465
Trade accounts payable	(299)
Accrued expenses	(2)
Net assets excluding cash acquired	$3,868
Supplemental information:	
Cash paid	$3,955
Cash acquired	(87)
Total consideration, net of cash acquired	$3,868

The goodwill resulting from the acquisition is primarily attributable to t
expected from the combination of GRE and Mirabito's REP businesses.

The following table presents unaudited pro forma information of the Co

	Year ended December 31,	
(in thousands)	2017	2016
Revenues	$268,008	$217,448
Net loss	$(8,588)	$(32,031)

Note 3 — Fair Value Measurements

The following table presents the balance of assets and liabilities measur

(in thousands)	**Level 1** (1)	**Level 2** (2)	**Level 3** (3)	**Total**
December 31, 2017				
Assets:				
Derivative contracts	$3,091	$1,267	$ —	$4,358
Liabilities:				
Derivative contracts	$693	$535	$ —	$1,228
December 31, 2016				
Assets:				
Derivative contracts	$256	$2,395	$ —	$2,651
Liabilities:				
Derivative contracts	$60	$1,667	$ —	$1,727

(1) quoted prices in active markets for identical assets or liabilities
(2) observable inputs other than quoted prices in active markets for iden
(3) no observable pricing inputs in the market

The Company's derivative contracts consist of natural gas and electricit
Company's put and call options is a forward contract. The Company's s
price is exchanged for a fixed price over a specified period.

GENIE ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

Fair Value of Other Financial Instruments

The estimated fair value of the Company's other financial instruments w
appropriate valuation methodologies. However, considerable judgment i
fair value. Consequently, the estimates are not necessarily indicative of
current market exchange.

Restricted cash — short-term and long-term, prepaid expenses, other cu
Corporation and other current liabilities. At December 31, 2017 and 2
approximated fair value because of the short period to maturity. The fai
were classified as Level 1 and prepaid expenses, other current assets, re
other current liabilities were classified as Level 2 of the fair value hiera

Other assets, revolving line of credit—long-term and other liabilities. A
aggregate of $0.6 million and $1.0 million, respectively, in notes receiva
line of credit—*long-term* and other liabilities approximated fair value. T
assumptions, and were classified as Level 3 of the fair value hierarchy.
approximated fair value because it bears interest at a variable market rat

Note 4 — Derivative Instruments

The primary risk managed by the Company using derivative instrument
accordance with Accounting Standards Codification 815 — Derivatives
and swaps are entered into as hedges against unfavorable fluctuations in
does not apply hedge accounting to these options or swaps, therefore th
derivative instruments to mitigate exposures to changes in commodity p
risk. Credit risk is the failure of the counterparty to perform under the te
derivative contract is positive, the counterparty owes the Company, whi
repayment risk in derivative instruments by entering into transactions w

2016, GRE's swaps and options were traded on the New York Mercanti

The summarized volume of GRE's outstanding contracts and options at
and Dth – Decatherm):

Commodity	Settlement Dates	Volume
Electricity	First quarter 2018	739,120 MWh
Electricity	Third quarter 2018	339,440 MWh
Electricity	Fourth quarter 2018	209,920 MWh
Natural gas	First quarter 2018	2,873,215 Dth
Natural gas	Second quarter 2018	306,725 Dth
Natural gas	Third quarter 2018	57,125 Dth
Natural gas	Fourth quarter 2018	66,030 Dth
Natural gas	First quarter 2019	61,350 Dth
Natural gas	Second quarter 2019	35,100 Dth
Natural gas	Third quarter 2019	19,050 Dth

The fair value of outstanding derivative instruments recorded in the acc

December 31 (in thousands)	
Asset Derivatives	**I**
Derivatives not designated or not qualifying as hedging instruments:	
Energy contracts and options	C
Liability Derivatives	
Derivatives not designated or not qualifying as hedging instruments:	
Energy contracts and options	C

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GENIE ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

The effects of derivative instruments on the consolidated statements of o

(in thousands)	
Derivatives not designated or not qualifying as hedging instruments	Location Derivativ
Energy contracts and options	Cost of r

Note 5 — Afek Oil and Gas Exploration Activities

In April 2013, the Government of Israel finalized the award to Afek of a
covering 396.5 square kilometers in the southern portion of the Golan H
April 2018. Israel's Northern District Planning and Building Committee
2015, which has been subsequently extended to April 18, 2018, to condu

In February 2015, Afek began drilling its first exploratory well. Afek co
license area. In light of the analysis received in the third quarter of 2016
determined that it did not have a clear path to demonstrate probable or p
over the next 12 to 18 months. Since there was substantial doubt regardi
December 31, 2016, Afek wrote off the $41.0 million of capitalized exp

In 2017, Afek turned its operational focus to the Northern region of its l
separately when evaluating its unproved properties. In 2017, Afek comm
Northern portion of its license area. In November 2017, Afek announce
well at the Northern site suggested that the well's target zone does not c
gas, and that it was suspending drilling operations pending further analy
not have a clear path to demonstrate probable or possible reserves in the

months. Since there was substantial doubt regarding the economic viabi
exploration costs incurred in the Northern region.

Note 6 — Investment in Joint Ventures

Investment in American Shale Oil, LLC

The Company, through GOGAS, has a 98.3% interest in American Shal
Oil, L.L.C. ("AMSO, LLC"), its oil shale development project in Colora
ownership interest in AMSO, LLC using the equity method since the Co
its operating and financial matters, although it did not control AMSO, L
Company determined that it was not the primary beneficiary, as the Con
AMSO, LLC that most significantly impact AMSO, LLC's economic pe

On February 23, 2016, TOTAL S.A. ("Total") notified the Company of
23, 2016, Total gave AMSO its notice of withdrawal from AMSO, LLC
April 1, 2016, AMSO and Total agreed that Total would pay AMSO, LI
associated with the decommissioning, winding up and dissolution of AM
decommissioning costs are less than $3.0 million. At December 31, 201
decommissioned. Effective April 30, 2016, AMSO, LLC's assets, liabili
Company's consolidated financial statements.

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GENIE ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

The following table summarizes the change in the balance of the Compa

	Year ended December 31,		
(in thousands)	**2017**	**2016**	**2015**
Balance, beginning of period	$—	$(399)	$(252)
Capital contributions	—	63	250
Equity in net loss of AMSO, LLC	—	(222)	(397)
Elimination of the investment in AMSO, LLC	—	558	—
Balance, end of period	$—	$—	$(399)

Summarized statements of operations of AMSO, LLC through the April

(in thousands)	**Period from January 1, 2016 to April 30, 2016**	**Year ended December 31, 2015**
REVENUES	$—	$ —
OPERATING EXPENSES:		
General and administrative	120	403
Research and development	3,512	4,782
TOTAL OPERATING EXPENSES	3,632	5,185
Loss from operations	(3,632)	(5,185)
Other income	—	—
NET LOSS	$ (3,632)	$ (5,185)

Summarized balance sheet of AMSO, LLC at April 30, 2016 (in thousa

Assets	
Cash and cash equivalents	$750
Receivable from Total	3,000
Other current assets	128
Other assets	860
Total assets	$4,738
Liabilities and member's interest	
Current liabilities	$518
Asset retirement obligations	2,535
Other liabilities	981
Member's interest	704
Total liabilities and member's interest	$4,738

The Company accounted for its acquisition on April 30, 2016 of Total's
combination. The Company estimated the fair value of AMSO, LLC to
progress. The Company recognized a gain from the acquisition of Total
net assets of AMSO, LLC while no consideration was transferred by the
associated with the shutdown obligations. The gain also included the Co
AMSO, LLC at its acquisition date fair value. The aggregate gain recog
consolidation of AMSO, LLC" in the consolidated statements of operati

Revenue, income from operations and net income of AMSO, LLC since
statement of operations are as follows:

(in thousands)	**Year ended December 31, 2016**
Revenues	$ —
Income from operations	$ 118
Net income	$ 76

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GENIE ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

The following table presents unaudited pro forma information of the Co

	Year ended December 31,	
(in thousands)	2016	2015
Revenues	$212,112	$213,056
Net loss	$(35,602)	$(13,424)

In April 2016, AMSO, LLC recorded a liability for the decommissionin
following table summarizes the change in the balance of the AMSO, LL
LLC:

(in thousands)	**Year ended December 31, 2017**	**Period from April 30, 2016 to December 31, 2016**
Balance, beginning of period	$ 116	$ 2,535
Adjustments	(60)	(441)
Payments	(56)	(1,978)
Balance, end of period	$ —	$ 116

Investment in Shoreditch Energy Limited

On July 17, 2017, the Company's subsidiary, Genie Energy UK Ltd. ("G
Investments Pty Ltd ("EGC") to launch Shoreditch Energy Limited ("Sh
service to residential and small business customers in the United Kingdo
million to Shoreditch, and GEUK will contribute an additional aggregat

by August 1, 2018, contingent on Shoreditch's achievement of performa
aggregate of up to £1.7 million ($2.2 million at December 31, 2017) to S
achievement of performance based milestones.

GEUK owns 65% of the equity of Shoreditch and EGC owns 35% of th
two members to Shoreditch's Board of Directors. EGC has several signi
that limits GEUK's ability to direct the activities that most significantly
accounts for its ownership interest in Shoreditch using the equity metho
over its operating and financial matters, although it does not control Sho
Company has determined that it is not the primary beneficiary, as the Co
Shoreditch that most significantly impact Shoreditch's economic perfor

GEUK accounts for the difference between the purchase price of Shored
assets of Shoreditch as if Shoreditch were a consolidated subsidiary. Th
goodwill relates to EGC's contribution to Shoreditch of their knowledge
in the United Kingdom.

In December 2017, Shoreditch commenced initial customer acquisition
Controlled Market Entry framework in which new entrants can acquire a

The following table summarizes the change in the balance of GEUK's i
(in thousands):

Balance, beginning of period	$—
Capital contributions	3,970
Cumulative foreign currency translation adjustment	45
Equity in the net loss of joint venture	(565)
Balance, end of period	$3,450

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GENIE ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

At December 31, 2017, the Company's maximum exposure to loss as a
investment, since there were no other arrangements, events or circumsta

Summarized statement of operations of Shoreditch from July 17, 2017 t

REVENUES	$—
OPERATING EXPENSES:	
Cost of revenues	8
Selling, general and administrative	779
TOTAL OPERATING EXPENSES	787
Loss from operations	(787)
Other	—
NET LOSS	$(787)

Summarized balance sheet of Shoreditch at December 31, 2017 (in thou

Assets	
Cash and cash equivalents	$2,787
Other current assets	79
Other assets	189
Total assets	$3,055
Liabilities and member's interest	
Current liabilities	$18
Member's interest	3,037
Total liabilities and member's interest	$3,055

Note 7 — Property and Equipment

December 31 (in thousands)	2017	2016
Computer software and development	$1,912	$1,836
Computers and computer hardware	246	231
Laboratory and drilling equipment	3,833	543
Office equipment and other	443	424
	6,434	3,034
Less: accumulated depreciation	(2,414)	(1,417)
Property and equipment, net	$4,020	$1,617

Depreciation expense of property and equipment was $0.8 million, $0.4
2017, 2016 and 2015, respectively.

Note 8 — Goodwill and Other Intangibles

All of the Company's goodwill at December 31, 2017 and 2016 was attr
change in the carrying amount of goodwill for the period from Decembe

(in thousands)	
Balance at December 31, 2014	$3,663
Change in carrying amount	—
Balance at December 31, 2015	3,663
Acquisition of Retail Energy Holdings, LLC (see Note 2)	5,065
Balance at December 31, 2016	8,728
Acquisition of Mirabito Natural Gas (see Note 2)	1,270
Balance at December 31, 2017	$9,998

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The table below presents information on the Company's other intangibl

(in thousands)	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization	N E
December 31, 2017				
Patents and trademarks	**20 years**	$ 2,860	$ (135)	$
Non-compete agreement	**2 years**	115	(65)	
Customer relationships	**4.4 years**	3,200	(1,266)	
Licenses	—	150	—	
TOTAL	**11.3 years**	$ 6,325	$ (1,466)	$
December 31, 2016				
Trademark	20 years	$ 2,100	$ (13)	$
Non-compete agreement	2 years	110	(11)	
Customer relationships	2 years	2,100	(159)	
Licenses	—	150	—	
TOTAL	10.4 years	$ 4,460	$ (183)	$

Amortization expense of intangible assets was $1.3 million, $0.2 millio
2015, respectively. The Company estimates that amortization expense o
million, $0.3 million, $0.3 million and $0.3 million in the years ending
respectively.

Note 9 — Revolving Lines of Credit

On April 4, 2017, GRE, IDT Energy, and other GRE subsidiaries entere
Financial Services II, LLC ("Vantage") for a $20 million revolving line
that operate REP businesses, and those subsidiaries' obligations are gua
$4.3 million under this facility, which included $1.7 million that was pr
Vantage. The REH Credit Agreement with Vantage was terminated in c
was treated as a modification. The borrowers have provided as collatera

customer agreements, certain other material agreements and related com
amount incurs interest at LIBOR plus 4.5% per annum. Interest is payab
unpaid interest is due on the maturity date of April 3, 2020. At Decembe
line of credit and the effective interest rate was 5.99% per annum. The b
negative covenants, including maintaining a target tangible net worth du
is in compliance with such covenants.

REH had a Credit Agreement with Vantage for a revolving line of credi
above). The principal outstanding incurred interest at one-month LIBOR
principal and any accrued and unpaid interest was due on the maturity d
was outstanding under the line of credit.

The Company and IDT Energy had a Loan Agreement with JPMorgan C
maximum principal amount of $25.0 million. The principal outstanding
multiplied by the statutory reserve rate established by the Board of Gove
or (b) the maximum rate per annum permitted by whichever of applicab
Interest was payable at least every three months and any outstanding pri
maturity date of May 31, 2017. The Company agreed to deposit cash in
collateral for the line of credit equal to the greater of (a) $10.0 million o
plus the outstanding principal under the revolving note. At December 31
credit, and cash collateral of $10.0 million was included in "Restricted c
at December 31, 2016, letters of credit of $8.1 million were outstanding
released upon expiration of the Loan Agreement.

On December 17, 2015, GRE, IDT Energy and certain affiliates entered
revolving loan facility. On December 17, 2015, GRE borrowed $2.0 mil
banking regulator, Bafin, closed Maple Bank GmbH due to impending f
investigations. In September 2016, GRE, and its affiliates entered into a
Maple Bank. Under this agreement, GRE paid $1.8 million as a full sett
was terminated. Accordingly, in 2016, GRE recorded a gain from this se
(expense) income, net" in the consolidated statements of operations.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

Note 10 — Income Taxes

On December 22, 2017, the U.S. government enacted "An Act to Provid
Concurrent Resolution on the Budget for Fiscal Year 2018", which is co
Act"). The Tax Act provides for comprehensive tax legislation that redu
21.0% effective January 1, 2018, broadens the U.S. federal income tax b
earnings of certain foreign subsidiaries that were previously tax deferred
sourced earnings.

On December 22, 2017, the SEC issued Staff Accounting Bulletin No. 1
Accounting Standards Codification 740, Income Taxes, in the reporting
118 recognizes that a registrant's review of certain income tax effects of
statements are issued for the reporting period that includes the enactmen
118 allows a company to report provisional estimates in the reporting pe
not have the necessary information available, prepared, or fully analyzed
provisional estimates would be adjusted during a measurement period no
Act, at which time the accounting for the income tax effects of the Tax A

The Company has not completed its accounting for the income tax effec
has made a reasonable estimate of the effect on its existing deferred tax
below in this footnote reflects the new income tax rate.

The transition tax is based on total post-1986 earnings and profits which
December 31, 2017, the Company did not have any undistributed earnin
income or withholding taxes have been provided for, for the undistribute
inherent in the foreign entities. The Company continues to review the an
("GILTI") and base erosion anti-abuse tax ("BEAT). The Company has

The Company anticipates that its assumptions and estimates may chang
Internal Revenue Service, the SEC, the FASB, and various other taxing
U.S. state jurisdictions will continue to determine and announce their co
entirety or with respect to specific provisions. Legislative and interpreti
provisional estimates when the accounting for the income tax effects of
evaluate the impact of the Tax Act on its financial statements, and will r
and adjustments.

The components of income (loss) before income taxes are as follows:

	Year ended December 31,		
(in thousands)	**2017**	**2016**	**2015**
Domestic	$7,122	$18,629	$1,517
Foreign	(14,044)	(48,603)	(9,628)
LOSS BEFORE INCOME TAXES	$(6,922)	$(29,974)	$(8,111)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

Significant components of the Company's deferred income tax assets co

December 31 (in thousands)	**2017**	**2016**
Deferred income tax assets:		
Bad debt reserve	$302	$70
Accrued expenses	4,425	3,821
State taxes	117	221
Charitable contributions	265	470
Net operating loss	37,435	37,568
Stock options and restricted stock	908	1,456
Depreciation	7,026	11,153
Total deferred income tax assets	50,478	54,759
Valuation allowance	(48,337)	(52,978)
DEFERRED INCOME TAX ASSETS, NET	$2,141	$1,781

The Company recognizes deferred tax assets to the extent that it believe
making such a determination, the Company considers all available posit
existing taxable temporary differences, projected future taxable income,
the Company determines that it would be able to realize its deferred tax
the Company would make an adjustment to the deferred tax asset valuat
taxes.

The (provision for) benefit from income taxes consists of the following:

	Year ended December 31,		
(in thousands)	**2017**	**2016**	**2015**
Current:			
Federal	$—	$—	$—
State and local	(1,366)	(2,349)	(704)
Foreign	—	(8)	—
	(1,366)	(2,357)	(704)

Deferred:			
Federal	—	(6)	(19)
State and local	(360)	145	198
Foreign	—	—	—
	(360)	139	179
PROVISION FOR INCOME TAXES	$(1,726)	$(2,218)	$(525)

The differences between income taxes expected at the U.S. federal statu
follows:

	Year ended Dece	
(in thousands)	**2017**	**2016**
U.S. federal income tax benefit at statutory rate	$2,423	$10,49
Valuation allowance	11,694	(21,2
Foreign tax rate differential	(2,610)	9,901
Tax law change	(11,070)	—
Deferred income tax adjustment	(1,250)	—
Other	66	95
State and local income tax, net of federal benefit	(979)	(1,49
PROVISION FOR INCOME TAXES	$(1,726)	$(2,21

At December 31, 2017, the Company had U.S. federal and state net oper
and $113.4 million, respectively. These carry-forward losses are availab
federal net operating loss carry-forwards will start to expire in 2033, wi
The state net operating loss carry-forwards will start to expire in 2029, v
2038.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

At December 31, 2017, the Company had foreign net operating loss carr
million will not expire.

The Company includes certain entities that are not included in the Comp
federal and state net operating loss carry-forwards of $1.0 million that b

The change in the valuation allowance for deferred income taxes was as

(in thousands)

Year ended December 31, 2017
Reserves for valuation allowances deducted from deferred income taxes
Year ended December 31, 2016
Reserves for valuation allowances deducted from deferred income taxes
Year ended December 31, 2015
Reserves for valuation allowances deducted from deferred income taxes

The table below summarizes the change in the balance of unrecognized

	Year ended December 31,		
(in thousands)	**2017**	**2016**	**2015**
Balance at beginning of period	$632	$636	$543
Additions based on tax positions related to the current period	100	81	97
Additions for tax positions of prior periods	1	4	10
Lapses of statutes of limitations	(175)	(89)	(14)

Balance at end of period	$558	$632	$636

All of the unrecognized income tax benefits at December 31, 2017 and 2
rate if recognized. The Company does not expect the total amount of un
decrease within the next twelve months.

In the years ended December 31, 2017, 2016 and 2015, the Company re
$4,000, respectively. At December 31, 2017 and 2016, there was accrue
taxes payable.

The Company currently remains subject to examinations of its tax return
and local tax returns generally for 2013 to 2017 and foreign tax returns g

Note 11 — Equity

Class A Common Stock and Class B Common Stock

The rights of holders of Class A common stock and Class B common st
rights and restrictions on transferability. The holders of Class A commo
dividends per share when and if declared by the Company's Board of D
and Class B common stock have identical and equal priority rights per s
common stock do not have any other contractual participation rights. Th
votes per share and the holders of Class B common stock are entitled to
under the terms of the Series 2012-A Preferred Stock (the "Preferred St
the Preferred Stock vote together as a single class on all matters submitt
Class A common stock may be converted into one share of Class B com
Class A common stock are subject to certain limitations on transferabilit

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

Series 2012-A Preferred Stock

Each share of Preferred Stock has a liquidation preference of $8.50 (the dividend per share equal to the sum of (i) $0.6375 (the "Base Dividend" obtained by dividing (A) the amount by which the EBITDA for a fiscal exceeds $32 million by (B) 8,750,000 (the "Additional Dividend"), paya exclusive of depreciation and amortization and other operating gains (lo pay a dividend on the Preferred Stock and until all unpaid dividends hav dividends or distributions on the Company's Class B or Class A commo

The Preferred Stock is redeemable, in whole or in part, at the option of t Liquidation Preference plus accrued and unpaid dividends, and 100% of dividends following October 11, 2018.

The Base Dividend is payable (if declared by the Company's Board of D February 15, May 15, August 15 and November 15, and to the extent tha fiscal year, it will be paid to holders of Preferred Stock with the May div amounts upon liquidation, dissolution or winding up, the Preferred Stock issues, the terms of which specifically provide that such equity securitie dividend rights or rights upon the Company's liquidation, dissolution or junior to all of the Company's existing and future indebtedness.

Each share of Preferred Stock has the same voting rights as a share of C impact the Company's common stock, as well as additional voting right

Dividend Payments

In the year ended December 31, 2017, the Company paid aggregate cash
and Class B common stock, equal to $7.4 million in total dividends paid
aggregate cash dividends of $0.24 per share on its Class A common stoc
dividends paid. In the year ended December 31, 2015, the Company pai
common stock and Class B common stock, equal to $3.0 million in total
Directors declared a quarterly dividend of $0.075 per share on the Com
the fourth quarter of 2017 to stockholders of record as of the close of bu
about March 23, 2018.

In each of the years ended December 31, 2017, 2016 and 2015, the Com
its Preferred Stock, equal to $1.5 million in dividends paid. On February
$0.1594 per share on its Preferred Stock for the fourth quarter of 2017 t
February 6, 2018.

Stock Repurchases

On March 11, 2013, the Board of Directors of the Company approved a
aggregate of 7.0 million shares of the Company's Class B common stoc
ended December 31, 2017, 2016 and 2015. At December 31, 2017, 6.9 r
stock repurchase program.

In the year ended December 31, 2017, the Company paid $0.8 million t
the year ended December 31, 2016, the Company paid $29,000 to repur
ended December 31, 2015, the Company paid $27,000 to repurchase 4,2
tendered by the Company's employees to satisfy tax withholding obliga
of restricted stock. Such shares were repurchased by the Company base
prior to the vesting date.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

Repurchase Right on Sale of Shares to Howard S. Jonas

On July 30, 2014, the Company entered into a Second Amended and Re
Agreement with Howard S. Jonas, the Company's Chairman of the Boar
agreements, among other things, in 2014, the Company sold an aggrega
stock to Mr. Jonas at a price of $6.82 per share (the closing price per sha
arrangement was approved by the Company's Board of Directors and C
Jonas' employment by the Company, 0.6 million of the Class B shares a
which repurchase right lapses on December 31, 2018.

Sales of Equity of Subsidiaries

In December 2016, Afek sold a 1% equity interest to Dr. Harold Vinega
cash.

In November 2010, GOGAS sold a 0.5% equity interest to Rupert Murd
was secured by a pledge of the shares issued in exchange for the note. T
received an aggregate of $1.1 million for the payment of the principal an
2015.

Purchases of Equity of Subsidiary

In the year ended December 31, 2017, GOGAS purchased from employe
million in cash.

Exercise of GOGAS Stock Option

GOGAS issued a stock option in June 2011 to Michael Steinhardt, the C
at an exercise price of $5.0 million. The expiration date was April 9, 20
May 9, 2015, the option was exercised. Mr. Steinhardt and an affiliate r
Genie Mongolia and IEI. In addition, Mr. Steinhardt and the affiliate rec
exercise price of $5.0 million was paid $2.5 million in cash and $2.5 mi
The notes incurred interest at 0.43% per annum, and were secured by 50
the Company received cash of $0.8 million to repay one-third of the prin
of the shares securing the remaining notes. Effective December 31, 201
cancelled and the pledged shares were transferred to GOGAS. At Decem
"Receivables for issuance of equity" in the consolidated balance sheet.

Subsequent Event — Proposed Sales of Shares and Warrants

On February 15, 2018, the Board of Directors of the Company approved
meeting to be held on May 7, 2018, the sale of (1) 1,152,074 shares of th
share for an aggregate sales price of $5.0 million, and (2) warrants to pu
B common stock at an exercise price of $4.77 per share for an aggregate
affiliates. The warrants will expire two years from the closing of the sal
stockholder approval, if obtained. In addition, the Board of Directors ap
of the Company's Class B common stock and warrants to purchase an a
stock to a third-party investor, subject to agreement of that investor. The
of the Class B common stock on the day before the transaction was first
the warrants represents a 10% premium on the sale price.

Note 12 — Stock-Based Compensation

Stock-Based Compensation Plan

The Company's 2011 Stock Option and Incentive Plan is intended to pr
consultants of the Company. Incentives available under the 2011 Stock
appreciation rights, limited rights, deferred stock units, and restricted st
Committee of the Company's Board of Directors. At December 31, 201
stock reserved for award under its 2011 Stock Option and Incentive Pla

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

Restricted Stock

The fair value of restricted shares of the Company's Class B common st
Class B common stock on the grant date. Share awards generally vest or
grant.

A summary of the status of the Company's grants of restricted shares of

	Number of Non-vested Shares (in thousands)
Non-vested shares at December 31, 2016	26
Granted	182
Vested	(45)
Forfeited	—
NON-VESTED SHARES AT DECEMBER 31, 2017	163

At December 31, 2017, there was $3.7 million of total unrecognized co
compensation arrangements, mostly related to the shares purchased by I
compensation cost is expected to be recognized over a weighted-averag
vested in the years ended December 31, 2017, 2016 and 2015 was $0.4
Company recognized compensation cost related to the vesting of the res
the years ended December 31, 2017, 2016, and 2015, respectively.

Stock Options

Option awards are generally granted with an exercise price equal to the
Option awards generally vest on a graded basis over three years of servi
based on historical volatility of the Company's Class B common stock a
exercise of stock options, post vesting forfeitures and other factors to es
granted. The risk free rate is based on the U.S. Treasury yield curve in e

The fair value of stock options granted in the years ended December 31,
a Black-Scholes valuation model and the assumptions in the following t
December 31, 2017.

	Year end
	Decemb
	2016
ASSUMPTIONS	
Average risk-free interest rate	0.4 %
Expected dividend yield	5.01 %
Expected volatility	55.5 %
Expected term	1 year
Weighted-average grant date fair value of options granted	$1.05

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

A summary of stock option activity for the Company is as follows:

	Number of Options (in thousands)		Weighte Average Exercise Price
Outstanding at December 31, 2016	414		$ 6.75
Granted	—		—
Exercised	(16	)	6.85
Cancelled/Forfeited	(15	)	4.05
OUTSTANDING AT DECEMBER 31, 2017	383		$ 6.85
EXERCISABLE AT DECEMBER 31, 2017	327		$ 6.85

The total intrinsic value of options exercised during the years ended Dec
$12,000, respectively. At December 31, 2017, there was $0.1 million of
stock options, which is expected to be recognized over a weighted-avera
compensation cost related to the vesting of the options of $35,000, $23,
2016 and 2015, respectively.

Subsidiary Equity Grants Reclassified to Liability

On May 5, 2015, the Compensation Committee of the Company's Boar
GRE representing an aggregate of 3.9% of the outstanding equity in GR
deferred stock units vest in equal amounts on the first, second and third
deferred stock units on the date of grant was $3.3 million, which is bein
period, which approximates the vesting period. GRE has the right to issu
cash to satisfy its obligations to issue common stock of GRE upon the v
for the deferred stock units that vested in June and July 2016. The Comp
to satisfy its obligation to issue common stock of GRE. Because of the c
GRE deferred stock units should be classified as a liability. In August 2

B common stock for the vested deferred stock units based on the relativ
287,233 shares of its Class B common stock in exchange for 26.1 vested
shares of the Company's Class B common stock issued was $1.8 million
million, respectively, related to the GRE deferred stock units was includ
sheet.

In August 2015, the Company elected to pay cash of $1.2 million for the
employees and directors of the Company that vested in June and July 20
units of IDT Energy.

The Company recognized aggregate compensation cost related to the ve
interests that were granted in prior years of $2.1 million, $0.6 million an
and 2015, respectively. At December 31, 2017, there was $1.0 million o
subsidiary equity interests, which is expected to be recognized over a we

Note 13 — Variable Interest Entity

Citizens Choice Energy, LLC ("CCE") is a REP that resells electricity a
the State of New York. The Company does not own any interest in CCE
all of the cash required to fund its operations. The Company determined
significantly impact its economic performance and it has the obligation
to CCE on a stand-alone basis. The Company therefore determined that
Company consolidates CCE within its GRE segment. The net income or
interests in the accompanying consolidated statements of operations.

In October 2015, GRE paid $0.2 million to the owner of the limited liab
in exchange for an option to purchase 100% of the issued and outstandin
plus the forgiveness of the $0.5 million loan. The option expires on Octo

Net income (loss) related to CCE and aggregate net funding repaid to (p

	Year Decem
(in thousands)	2017
Net income (loss)	$112
Aggregate funding repaid to (provided by) the Company, net	158

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

Summarized consolidated balance sheet amounts related to CCE are as f

December 31 (in thousands)	**2**
ASSETS	
Cash and cash equivalents	$
Restricted cash	
Trade accounts receivable	
Prepaid expenses	
Other current assets	
Other assets	
TOTAL ASSETS	$
LIABILITIES AND NONCONTROLLING INTERESTS	
Current liabilities	$
Due to IDT Energy	
Noncontrolling interests	
TOTAL LIABILITIES AND NONCONTROLLING INTERESTS	$

The assets of CCE may only be used to settle obligations of CCE, and m
of CCE are non-recourse to the general credit of the Company's other co

Note 14 — Accumulated Other Comprehensive Income

The accumulated balances for other comprehensive income were as foll

(in thousands)	**Foreign currency translation**
Balance at December 31, 2014	$ 10
Other comprehensive income attributable to Genie	144
Balance at December 31, 2015	154

Other comprehensive income attributable to Genie	1,311
Balance at December 31, 2016	1,465
Other comprehensive income attributable to Genie	1,580
BALANCE AT DECEMBER 31, 2017	$ 3,045

Note 15 — Legal and Regulatory Proceedings

Legal Proceedings

On March 13, 2014, named plaintiff, Anthony Ferrare, commenced a pu
Court of Common Pleas of Philadelphia County, Pennsylvania. The con
named plaintiff filed the suit on behalf of himself and other former and
with variable rate plans, whom he contends were injured as a result of I
On August 7, 2014, IDT Energy removed the case to the United States I
October 20, 2014, IDT Energy moved to stay or, alternatively, dismiss t
November 10, 2014, the named plaintiff opposed IDT Energy's motion
in further support of its motion to dismiss. On June 10, 2015, the Court
dismiss without prejudice. The parties participated in mediation, and sul
which received preliminary approval from the Court on October 16, 201
order by the Court approving the Settlement Agreement. The Court has
2018.

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On July 2, 2014, named plaintiff, Louis McLaughlin, filed a putative cla
States District Court for the Eastern District of New York, contending th
IDT Energy's allegedly unlawful sales and marketing practices. The nam
subclasses: all IDT Energy customers who were charged a variable rate
customers who participated in IDT Energy's rebate program from July 2
amended complaint on behalf of himself and all IDT Energy customers
Energy, Genie Energy International Corporation, and Genie Energy Ltd
Energy moved to dismiss the amended complaint, and the named plainti
and subsequently entered into a Settlement Agreement (see below), whi
16, 2017. The Settlement Agreement is subject to entry of a final order b
has scheduled a hearing concerning final approval for April 9, 2018.

On July 15, 2014, named plaintiff, Kimberly Aks, commenced a putativ
Superior Court, Essex County, contending that she and other class mem
sales and marketing practices. The named plaintiff filed the suit on beha
IDT Energy customers at any time between July 11, 2008 and the prese
mediation described below. On April 20, 2016, the named plaintiff filed
Energy customers in New Jersey against IDT Energy, Inc., Genie Retail
Energy Ltd. On June 27, 2016, defendants Genie Retail Energy, Genie E
a motion to dismiss the amended complaint. On August 26, 2016, the na
reply memorandum of law in further support of its motion to dismiss. Th
to set aside that decision to give the plaintiff an opportunity to submit op
rendering its decision. The parties participated in mediation, and subseq
which received preliminary approval from the Court on October 16, 201
order by the Court approving the Settlement Agreement. The Court has
2018.

On July 5, 2017, the Company entered into a class action Settlement Ag
and on behalf of the entire class, in the lawsuits currently pending in Pe
Company does not believe that there was any wrongdoing on its part, an
address its customers' concerns. Under the Settlement Agreement, the C
lawsuits and obtain a release of claims that were asserted or could be ass
conduct alleged in the lawsuits or similar conduct, wherever it may have
customers who timely make a claim, class counsel, and the named plain
administrating the claims process. The Company estimated, based in pa

payment will be approximately $9 million, although it is reasonably pos
year ended December 31, 2017, the Company recorded a revenue reduct
included in “Selling, general and administrative expense”, and a liability
on several factors, including the number of customers who claim settlen
Agreement was preliminarily approved by the Court on October 16, 201
order by the Court approving the Settlement Agreement. The Court has
2018.

On June 20, 2014, the Pennsylvania Attorney General’s Office (“AG”) a
Complaint against IDT Energy, Inc. with the Pennsylvania Public Utility
OCA alleged, among other things, various violations of Pennsylvania’s
Telemarketing Registration Act and the PUC’s regulations. IDT Energy
AG and the OCA to terminate the litigation with no admission of liabilit
2015, IDT Energy, the AG, and the OCA filed a Joint Petition to the Per
Under the settlement, IDT Energy will issue additional refunds to its Pe
supply in January, February and March of 2014. IDT Energy will also in
customer service processes, along with additional compliance and repor
Pennsylvania PUC on July 8, 2016. In July 2016, IDT Energy paid the a
refund administrator.

In the fourth quarter of 2015, the Company received a request for inform
The Company responded to the inquiry. The Company has recently been
Attorney General regarding concerns raised by the New Jersey Board of
energy supply charges issued to the Company’s retail customers during
agreement in principle. In the year ended December 31, 2017, the Comp
matter. The Company recorded a revenue reduction in the consolidated s
customers and an expense of $0.2 million for related fees that is include
liability of $1.5 million that is included in “Accrued expenses” in the co

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

From time to time, the Company receives inquiries or requests for infor
governmental regulatory or law enforcement agencies related to investig
Company responds to those inquiries or requests. The Company cannot
enforcement actions.

In addition to the above, the Company may from time to time be subject
business. Although there can be no assurance in this regard, the Compar
material adverse effect on the Company's results of operations, cash flo

New York Public Service Commission Orders

On February 23, 2016, the New York Public Service Commission ("PSC
restrictions on REPs operating in New York, including those owned by
were to become effective March 4, 2016, would require that all REPs' e
business customers include an annual guarantee of savings compared to
electricity offerings, provide at least 30% of the supply from renewable
would be relinquished back to the local utility at the end of their contrac
to month agreements, at the end of the current monthly billing cycle.

On March 4, 2016, a group of parties from the REP industry sought and
the most restrictive portions of the PSC's order pending a court hearing
25, 2016, the New York State Supreme Court, County of Albany, entere
vacated provisions 1 through 3 of the Order, and remitted the matter to t
order.

In December 2017, the PSC held an evidentiary hearing to assess the ret
and is expected to last for at least several more months. The Company is
PSC that would follow from the evidentiary process, while preparing to
be imposed. Depending on the final language of any new order, as well

New York customers, an order could have a substantial impact upon the
2017, New York represented 36% of GRE's total meters served and 28%
GRE's customer base.

On July 14, 2016, and September 19, 2016, the PSC issued orders restri
customers enrolled in New York's utility low-income assistance progra
in New York State Supreme Court, Albany County, and, on September
the PSC from implementing the July and September orders. On Decemb
prohibiting REP service to customers enrolled in New York's utility lo
July 5, 2017, the New York State Supreme Court, Albany County, deni
the 2016 Order began to be implemented on July 26, 2017. Several REP
Division, Third Department. That court stayed implementation of the 20
pending resolution of the appeal.

In a related action, several customers impacted by the 2016 Order filed
the Northern District of New York, challenging the 2016 Order. Tempo
action have expired, and REPs are now required to return service of thei
incumbent utility on the modified schedule set forth in the PSC's 2016
have begun the transfer of customers as required. The 2016 Order will r
approximately 21,000 meters, representing 12,000 RCEs, to their respe

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GENIE ENERGY LTD.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

Note 16 — Commitments and Contingencies

Purchase Commitments

The Company had purchase commitments of $46.4 million at December
of electricity. The purchase commitments outstanding at December 31,
year ending December 31, 2018, and $3.2 million in the year ending De

Renewable Energy Credits

GRE must obtain a certain percentage or amount of its power supply fro
requirements of renewable portfolio standards in the states in which it o
renewable energy credits that provide evidence that electricity has been
December 31, 2017, GRE had commitments to purchase renewable ene

Performance Bonds

GRE has performance bonds issued through a third party for certain util
comply with the states' financial requirements for REPs. At December 3
million outstanding.

Lease Commitments

The future minimum payments for operating leases at December 31, 201

(in thousands)	
Year ending December 31:	
2018	$193
2019	77
2020	41
2021	—
2022	—
Thereafter	—
Total payments	$311

Rental expense under operating leases was $0.8 million, $0.7 million an
and 2015, respectively.

BP Energy Company Preferred Supplier Agreement

As of November 19, 2015, IDT Energy and certain of its affiliates enter
Agreement with BP Energy Company ("BP"). The agreement's termina
terminate the agreement on November 30, 2018 by giving the other part
purchases electricity and natural gas at market rate plus a fee. IDT Ener
in deposits or receivables from utilities in connection with their purchas
deposits or letters of credit posted in connection with any collateral acc
natural gas under this agreement is subject to satisfaction of certain con
December 31, 2017, the Company was in compliance with such covena
million and trade accounts receivable of $34.4 million were pledged to
accounts payable to BP of $13.8 million at December 31, 2017.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

Note 17 — Related Party Transactions

The Company was formerly a subsidiary of IDT Corporation (“IDT”). C
became an independent public company through a pro rata distribution o
“Spin-Off”). The Company entered into various agreements with IDT pr
Agreement to effect the separation and provide a framework for the Con
Transition Services Agreement, which provides for certain services to be
Company for services it provides pursuant to the Transition Services Ag
“Selling, general and administrative” expense. In addition, the Company
for these services reduce the Company’s “Selling, general and administr

(in thousands)	Year ended December 31, 2017	2016	2015
Amount IDT charged the Company	$1,773	$2,197	$2,340
Amount the Company charged IDT	471	627	546

The Company had notes receivable outstanding from employees aggreg
and 2016, respectively, which were included in “Other assets” in the acc

The Company obtains insurance policies from several insurance brokers
owned by the mother of Howard S. Jonas and Joyce Mason, the Compan
Mason and brother-in-law of Howard S. Jonas, provides insurance broke
received from IGM, the Company believes that (1) IGM received comm
(including payments from third party brokers) in the aggregate amounts
December 31, 2017, 2016 and 2015, respectively, which fees and comm
payments made by the Company to IGM for various insurance policies v
December 31, 2017, 2016 and 2015, respectively. The commissions and
2016 included commissions and fees for various insurance policies for v
respectively, to a third party broker. Neither Howard S. Jonas nor Joyce
than via the familial relationships with their mother and Jonathan Mason

Note 18 — Business Segment and Geographic Information

The Company owns 99.3% of its subsidiary, GEIC, which owns 100% o
reportable business segments: GRE, Afek and GOGAS. GRE owns and
Town Square Energy, and Mirabito, and also offers energy brokerage an
natural gas to residential and small business customers in the Eastern an
stock units granted to officers and employees that represent an interest o
comprised of the Company's 86.1% interest in Afek, an oil and gas expl
operations have been suspended. The GOGAS segment is comprised of
Mongolia and IEI. Corporate costs include unallocated compensation, co
other corporate-related general and administrative expenses. Corporate d
revenues.

The Company's reportable segments are distinguished by types of servic
operating results of these business segments are regularly reviewed by th

The accounting policies of the segments are the same as the accounting
the performance of its business segments based primarily on income (lo
allocations to segments.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

Operating results for the business segments of the Company were as fol

(in thousands)	**GRE**	**Afek**	**GO**
Year ended December 31, 2017			
Revenues	$264,202	$—	$—
Income (loss) from operations	16,586	(12,698)	(5
Depreciation and amortization	1,740	327	72
Exploration	—	4,879	—
Write-off of capitalized exploration costs	—	6,483	—
Equity in the net loss of Shoreditch	565	—	—
Year ended December 31, 2016			
Revenues	$212,112	$—	$—
Income (loss) from operations	26,503	(48,272)	43
Depreciation and amortization	427	124	29
Research and development	—	—	(2
Exploration	—	6,088	—
Write-off of capitalized exploration costs	—	41,041	—
Equity in the net loss of AMSO, LLC	—	—	22
Year ended December 31, 2015			
Revenues	$213,056	$—	$—
Income (loss) from operations	11,095	(7,458)	(3
Depreciation	245	104	78
Research and development	—	63	1,
Exploration	—	6,583	—
Equity in the net loss of AMSO, LLC	—	—	39

Total assets for the business segments of the Company were as follows:

(in thousands)	**GRE**	**Afek**	**GOGAS**	**Corporate**	**To**
Total assets:					
December 31, 2017	$112,521	$2,588	$7,887	$ 2,782	$1
December 31, 2016	87,539	6,685	12,224	15,365	1
December 31, 2015	80,177	38,665	17,770	19,203	1

Geographic Information

There were no revenues from customers located outside of the United S

Net long-lived assets and total assets held outside of the United States, v

(in thousands)	United States	Foreign Countries	Total
December 31, 2017			
Long-lived assets, net	$696	$ 3,352	$4,048
Total assets	115,605	10,173	125,778
December 31, 2016			
Long-lived assets, net	$1,060	$ 582	$1,642
Total assets	113,158	8,655	121,813
December 31, 2015			
Long-lived assets, net	$763	$ 646	$1,409
Total assets	114,880	40,935	155,815

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS—(Co

Note 19 — Selected Quarterly Financial Data (Unaudited)

The table below presents selected quarterly financial data of the Compa
for the three months ended March 31, 2017 and June 30, 2017 in the tab

Quarter Ended			**Income (loss)**	
(in thousands, except per share data)	**Revenues**	**Cost of revenues**	**from operations**	**Net (loss) income**
2017:				
December 31 (1)	$73,077	$46,321	$ 430	$(812)
September 30 (2)	69,473	47,694	1,403	975
June 30 (3)	50,247	38,122	(13,569)	(12,950)
March 31	71,405	46,556	5,196	4,139
TOTAL	$264,202	$178,693	$ (6,540)	$(8,648)
2016:				
December 31	$51,519	$36,949	$ (1,344)	$(1,285)
September 30 (1)	57,153	36,946	(37,102)	(37,174)
June 30	44,561	26,445	1,934	1,417
March 31	58,879	34,832	5,999	4,850
TOTAL	$212,112	$135,172	$ (30,513)	$(32,192)

(1) In the fourth quarter of 2017 and in the third quarter of 2016, loss fro
costs of $6.5 million and $41.0 million, respectively.

(2) In the third quarter of 2017, the Company recognized a liability of $1
New Jersey Office of the Attorney General regarding concerns relate
during the first quarter of 2014. The Company recorded the liability a
million.

(3) In the second quarter of 2017, the Company recognized a liability of
action lawsuits. The Company recorded the liability as a revenue red