



**DECREASE RIDER**

**BOND NO. CMS 251734**

**THIS RIDER IS TO BE ATTACHED TO AND FORM A PART OF BOND NO. CMS251734 EXECUTED BY RLI INSURANCE COMPANY, AS SURETY, ON BEHALF OF IDT ENERGY, INC., AS PRINCIPAL, IN FAVOR OF THE PEOPLE OF THE STATE OF ILLINOIS, AS OBLIGEE, IN THE AMOUNT OF FIVE HUNDRED THOUSAND AND 00/100 DOLLARS (\$500,000.00).**

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**It is hereby understood and agreed that the amount of the bond noted above is decreased from Five Hundred Thousand and 00/100 Dollars (\$500,000.00) to Three Hundred Thousand and 00/100 Dollars (\$300,000.00).**

**The bond shall continue to be subject to all terms, conditions, agreements, and limitations, except as herein expressly modified.**

**Signed, sealed, and dated this 5<sup>th</sup> day of July, 2012.**

**IDT ENERGY, INC.**

**RLI INSURANCE COMPANY**

**BY:**

**BY:**

**Patricia A. Scavetta  
Attorney-In-Fact**

Individual Acknowledgment

State of \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally came \_\_\_\_\_ to me known, and known to me to be the individual described in and who executed the foregoing instrument, and acknowledged to me that he executed the same.

My commission expires \_\_\_\_\_

Notary Public

Firm Acknowledgment

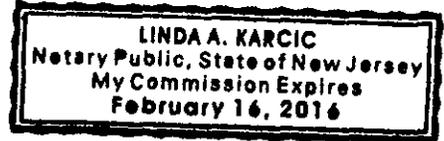
State of \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally came \_\_\_\_\_ to me known and known to me to be a member of the firm of \_\_\_\_\_ described in and who executed the foregoing instrument, and he thereupon acknowledged to me that he executed the same as and for the act and deed of said firm.

My commission expires \_\_\_\_\_

Notary Public

State of New Jersey }  
County of Hudson } ss.



On this 5th day of July, 2012, before me personally came

Alan Schwob

Corporation Acknowledgment

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

My commission expires 2/16/16

*Linda A. Karcic*  
Notary Public

State of NEW YORK }  
County of WESTCHESTER } ss.

On this 5TH day of JULY, 20 12, before me personally came

PATRICIA A. SCAVETTA

Surety Acknowledgment

\_\_\_\_\_ to me known, who, being by me duly sworn, did depose and say that he is an attorney-in-fact of RLI INSURANCE COMPANY the corporation described in and which executed the within instrument; that he knows the corporate seal of said corporation; that the seal affixed to the within instrument is such corporate seal, and that he signed the said instrument and affixed the said seal as Attorney-in-Fact by authority of the Board of Directors of said corporation and by authority of this office under the Standing Resolutions thereof.

My commission expires \_\_\_\_\_

**LISA M. GARDELLA**  
Notary Public, State of New York  
No. 01GA6173124  
Qualified in Dutchess County  
Commission Expires August 20 15

*Lisa M. Gardella*  
Notary Public



RLI Surety  
 P.O. Box 3967 | Peoria, IL 61612-3967  
 Phone: (800)645-2402 | Fax: (309)689-2036  
 www.rlicorp.com

# POWER OF ATTORNEY

## RLI Insurance Company

**Know All Men by These Presents:**

That this Power of Attorney is not valid or in effect unless attached to the bond which it authorizes executed, but may be detached by the approving officer if desired.

That **RLI Insurance Company**, an Illinois corporation, does hereby make, constitute and appoint:  
Robert P. Scavetta, Patricia A. Scavetta, Lisa M. Gardella, jointly or severally

in the City of Yonkers, State of New York its true and lawful Agent and Attorney in Fact, with full power and authority hereby conferred, to sign, execute, acknowledge and deliver for and on its behalf as Surety, the following described bond.

**Any and all bonds provided the bond penalty does not exceed Twenty Five Million Dollars (\$25,000,000.00).**

The acknowledgment and execution of such bond by the said Attorney in Fact shall be as binding upon this Company as if such bond had been executed and acknowledged by the regularly elected officers of this Company.

The **RLI Insurance Company** further certifies that the following is a true and exact copy of the Resolution adopted by the Board of Directors of **RLI Insurance Company**, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys in Fact or Agents who shall have authority to issue bonds, policies or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

IN WITNESS WHEREOF, the **RLI Insurance Company** has caused these presents to be executed by its Vice President with its corporate seal affixed this 18th day of May, 2012.



**RLI Insurance Company**

By: [Signature]  
 Roy C. Die Vice President

State of Illinois }  
 County of Peoria } SS

**CERTIFICATE**

On this 18th day of May, 2012, before me, a Notary Public, personally appeared Roy C. Die, who being by me duly sworn, acknowledged that he signed the above Power of Attorney as the aforesaid officer of the **RLI Insurance Company** and acknowledged said instrument to be the voluntary act and deed of said corporation.

I, the undersigned officer of **RLI Insurance Company**, a stock corporation of the State of Illinois, do hereby certify that the attached Power of Attorney is in full force and effect and is irrevocable; and furthermore, that the Resolution of the Company as set forth in the Power of Attorney, is now in force. In testimony whereof, I have hereunto set my hand and the seal of the **RLI Insurance Company** this 5TH day of JULY, 2012.

By: [Signature]  
 Jacqueline M. Bockler Notary Public

**RLI Insurance Company**

By: [Signature]  
 Roy C. Die Vice President



3147912020212

License or Permit Bond  
Bond No. CMS 251734

RLI Insurance Company  
161 Gaither Drive, Suite 104, Mount Laurel, NJ 08054

KNOW ALL MEN BY THESE PRESENTS, That we, **IDT Energy, Inc.** as Principal, and **RLI Insurance Company**, a **Illinois** Corporation, and authorized to do business in Illinois, as Surety, are held and firmly bound unto THE PEOPLE OF THE STATE OF ILLINOIS as Obligee, in the sum of **FIVE HUNDRED THOUSAND AND XX/100 Dollars (\$500,000.00)**, for which sum, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, by these presents.

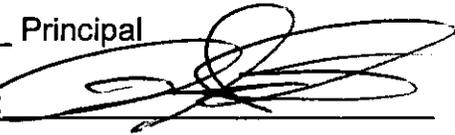
THE CONDITIONS OF THIS OBLIGATION ARE SUCH, That WHEREAS, the Principal has been or is about to be granted a license or permit to do business to operate as an ARES (Alternative Retail Electric Supplier) under 220 ILCS 5/16-115 and is required to execute this bond under 83 Illinois Administrative Code Part 451.50 by the Obligee.

NOW, Therefore, if the Principal fully and faithfully perform all duties and obligations of the Principal as an ARES, then this obligation to be void; otherwise to remain in full force and effect.

This bond may be terminated as to future acts of the Principal upon thirty (30) days written notice by the Surety; said notice to be sent to 527 East Capitol Avenue, Springfield, Illinois 62701, of the aforesaid State of Illinois, by certified mail.

dated this 8<sup>th</sup> day of March, 2012.

IDT Energy, Inc. \_\_\_\_\_ Principal

By: 

RLI Insurance Company \_\_\_\_\_ Surety

By: 

Robert P. Scavetta, Attorney-In-Fact

Individual Acknowledgment

State of \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally came

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

My commission expires \_\_\_\_\_ Notary Public

Firm Acknowledgment

State of \_\_\_\_\_ }  
County of \_\_\_\_\_ } ss.

On this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, before me personally came

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

My commission expires \_\_\_\_\_ Notary Public

Corporation Acknowledgment

State of New Jersey }  
County of Hudson } ss.

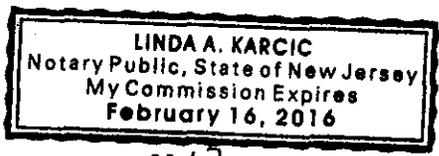
On this 16<sup>th</sup> day of April, 2012, before me personally came

Alan Schwab to me known,

who being by me duly sworn, did depose and say that he is the CEO

of IDT ENERGY the corporation described in and which executed the above instrument; that he knows the seal of said corporation; that the seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation, and that he signed his name thereto by like order.

My commission expires 2/16/14 \_\_\_\_\_ Notary Public



Surety Acknowledgment

State of NEW YORK }  
County of WESTCHESTER } ss.

On this 8TH day of MARCH, 2012, before me personally came

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

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

My commission expires \_\_\_\_\_ LISA M. GARDELLA Notary Public, State of New York No. 01GA6173124 Qualified in Dutchess County Commission Expires August 2015 \_\_\_\_\_ Notary Public



RLI Surety  
P.O. Box 3967 | Peoria, IL 61612-3967  
Phone: (800)645-2402 | Fax: (309)689-2036  
www.rlicorp.com

# POWER OF ATTORNEY

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Robert P. Scavetta, Patricia A. Scavetta, Lisa Gardella, jointly or severally.

in the City of Yonkers, State of New York its true and lawful Agent and Attorney in Fact, with full power and authority hereby conferred, to sign, execute, acknowledge and deliver for and on its behalf as Surety, the following described bond.

**Any and all bonds provided the bond penalty does not exceed Twenty Five Million Dollars (\$25,000,000.00).**

The acknowledgment and execution of such bond by the said Attorney in Fact shall be as binding upon this Company as if such bond had been executed and acknowledged by the regularly elected officers of this Company.

The **RLI Insurance Company** further certifies that the following is a true and exact copy of the Resolution adopted by the Board of Directors of **RLI Insurance Company**, and now in force to-wit:

"All bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation shall be executed in the corporate name of the Company by the President, Secretary, any Assistant Secretary, Treasurer, or any Vice President, or by such other officers as the Board of Directors may authorize. The President, any Vice President, Secretary, any Assistant Secretary, or the Treasurer may appoint Attorneys in Fact or Agents who shall have authority to issue bonds, policies or undertakings in the name of the Company. The corporate seal is not necessary for the validity of any bonds, policies, undertakings, Powers of Attorney or other obligations of the corporation. The signature of any such officer and the corporate seal may be printed by facsimile."

IN WITNESS WHEREOF, the **RLI Insurance Company** has caused these presents to be executed by its Vice President with its corporate seal affixed this 18th day of May, 2011.



**RLI Insurance Company**

By: [Signature]  
Roy C. Die Vice President

State of Illinois }  
County of Peoria } SS

**CERTIFICATE**

On this 18th day of May, 2011, before me, a Notary Public, personally appeared Roy C. Die, who being by me duly sworn, acknowledged that he signed the above Power of Attorney as the aforesaid officer of the **RLI Insurance Company** and acknowledged said instrument to be the voluntary act and deed of said corporation.

I, the undersigned officer of **RLI Insurance Company**, a stock corporation of the State of Illinois, do hereby certify that the attached Power of Attorney is in full force and effect and is irrevocable; and furthermore, that the Resolution of the Company as set forth in the Power of Attorney, is now in force. In testimony whereof, I have hereunto set my hand and the seal of the **RLI Insurance Company** this 8th day of MARCH, 2012.

By: [Signature]  
Cherie L. Montgomery Notary Public

**RLI Insurance Company**

By: [Signature]  
Roy C. Die Vice President



3146573020212



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 Phone: (800)645-2402 | Fax: (309)689-2036  
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By: [Signature]  
 Cherie L. Montgomery Notary Public

**RLI Insurance Company**

By: [Signature]  
 Roy C. Die Vice President



3146573020212



RLI Insurance Company  
P.O. Box 3967 Peoria, IL 61612-3967  
Phone: 309-692-1000 Fax: 309-692-8657

# RLI Insurance Company

December 31, 2010

## Admitted Assets

Investments:	
Fixed maturities, .....	\$ 474,043,733
Equity securities, .....	788,685,979
Short-term investments, .....	18,672,853
Real estate, .....	5,355,329
Properties held to produce income, .....	2,460,000
Cash on hand and on deposit, .....	6,210,548
Other invested assets, .....	1,000,000
Receivables for securities, .....	0
Agents' balances, .....	66,594,911
Investment income due and accrued, .....	5,059,512
Funds held, .....	4,000
Reinsurance recoverable on paid losses, .....	6,782,681
Federal income taxes receivable, .....	0
Net deferred tax asset, .....	2,391,136
Guaranty funds receivable, .....	20,809
Electronic data processing equipment, net of depreciation, .....	92,129
Receivable from affiliates, .....	9,675,206
Other admitted assets, .....	6,712,748
<b>Total Admitted Assets</b>	<b>\$ 1,393,761,574</b>

## Liabilities and Surplus

Liabilities:	
Reserve for unpaid losses and loss adjustment expenses, .....	\$ 403,028,441
Unearned premiums, .....	152,784,803
Accrued expenses, .....	44,789,616
Funds held, .....	779,814
Advance premiums, .....	4,117,953
Amounts withheld, .....	39,842,262
Ceded reinsurance premium payable, .....	9,899,947
Payable for securities, .....	0
Statutory penalties, .....	1,025,200
Current federal & foreign income taxes, .....	4,276,282
Federal income tax payable, .....	0
Borrowed money and accrued interest, .....	0
Drafts outstanding, .....	0
Payable to affiliate, .....	0
Other liabilities, .....	838,280
<b>Total Liabilities</b>	<b>\$ 661,382,598</b>
Surplus:	
Common stock, .....	\$ 10,000,375
Additional paid-in capital, .....	242,451,084
Unassigned surplus, .....	479,927,517
<b>Total Surplus</b>	<b>\$ 732,378,976</b>
<b>Total Liabilities and Surplus</b>	<b>\$ 1,393,761,574</b>

State of Illinois }  
County of Peoria }

The undersigned, being duly sworn, says: That he is the President of RLI Insurance Company; that said Company is a corporation duly organized, in the State of Illinois, and licensed and engaged in business in the State of ILLINOIS and has duly complied with all the requirements of the laws of said State applicable of said Company and is duly qualified to act as Surety under such laws; that said Company has also complied with and is duly qualified to act as Surety under the Act of Congress approved July 1947, 6U.S.C sec. 6-13; and that to the best of his knowledge and belief the above statement is a full, true, and correct statement of the financial condition of the said Company on the 31st day of December 2010.

Attest:



{ Corporate Seal Affixed }

Michael J. Stone President  
  
Cynthia S. Dohm Assistant Secretary

Sworn to before me this 28th day of February, 2011.



{ Notarial Seal Affixed }

Jacqueline M. Bockler Notary Public, State of Illinois

FORM BCA 13.15 (rev. Dec. 2003)  
 APPLICATION FOR AUTHORITY TO  
 TRANSACT BUSINESS IN ILLINOIS  
 Business Corporation Act

**FILED**  
**JUN 10 2011**

**JESSE WHITE**  
**SECRETARY OF STATE**

Jesse White, Secretary of State  
 Department of Business Services  
 Springfield, IL 62756  
 Telephone (217) 782-1834  
 www.cyberdriveillinois.com

Remit payment in the form of a cashier's  
 check, certified check, money order  
 or an Illinois attorney's or CPA's check  
 payable to the Secretary of State.  
**SEE NOTE 1 CONCERNING PAYMENT!**

6793.752.5  
 File #

Filing Fee \$ 150 Franchise Tax \$ 25 Penalty/Interest \$ - Total \$ 175 Approved: my  
 \_\_\_\_\_  
 Submit in duplicate \_\_\_\_\_ Type or Print clearly in black ink \_\_\_\_\_ Do not write above this line \_\_\_\_\_

1. (a) CORPORATE NAME: IDT ENERGY, INC.

(Complete item 1 (b) only if the corporate name is not available in this state.)

(b) ASSUMED CORPORATE NAME: \_\_\_\_\_  
 (By electing this assumed name, the corporation hereby agrees NOT to use its corporate name in the  
 transaction of business in Illinois. Form BCA 4.15 is attached.)

2. State or Country of Incorporation DE; Date of Incorporation 05/24/2004; Period of Duration PERPETUAL

3. (a) Address of the principal office, wherever located: 520 BROAD STREET  
NEWARK, NJ 07102  
 (b) Address of principal office in Illinois: NONE  
 (If none, so state)

4. Name and address of the registered agent and registered office in Illinois.  
 Registered Agent: Illinois Corporation Service Company  

First Name	Middle Initial	Last name

 Registered Office: 801 Adlai Stevenson Drive  

Number	Street	Suite #	(APO Box alone is not acceptable.)
<u>Springfield, IL</u>	<u>62703</u>	<u>Sangamon</u>	
City	ZIP Code	County	

5. States and countries in which it is admitted or qualified to transact business: (Include state of incorporation)  
DE, NY, NJ, TX, MI, MD, PA

6. Name and addresses of officers and directors: (If more than 3 directors and/or additional officers, attach list.)

Name	No. & Street	City	State	ZIP
President	GEOFFREY ROCHWARGER, 520 BROAD STREET,	NEWARK, NJ	07102	
Secretary	JOYCE MASON, 520 BROAD STREET,	NEWARK, NJ	07102	
Director	GEOFFREY ROCHWARGER, 520 BROAD STREET,	NEWARK, NJ	07102	
Director	HOWARD JONAS, 520 BROAD STREET,	NEWARK, NJ	07102	
Director	IRA GREENSTEIN, 520 BROAD STREET,	NEWARK, NJ	07102	

7. The purpose or purposes for which it was organized which it proposes to pursue in the transaction of business in this state: (if not sufficient space to cover this point, add one or more sheets of this size)  
 ALTERNATIVE RETAIL ELECTRIC SUPPLIER

8. Authorized and issued shares:

Class	Series	Par Value	Number of Shares Authorized	Number of Shares Issued
COMMON STOCK		\$.01	1,500	100

(If more, attach list)

9. Paid-in Capital: \$ 1000  
 ("Paid-in Capital" replaces the terms Stated Capital & Paid-in Surplus and is equal to the total of these accounts.)

10. (a) Give an estimate of the total value of all the property\* of the corporation for the following year: \$ 3,675,000  
 (b) Give an estimate of the total value of all the property\* of the corporation for the following year that will be located in Illinois: \$ 0  
 (c) State the estimated total business of the corporation to be transacted by it everywhere for the following year: \$ 250,000,000  
 (d) State the estimated annual business of the corporation to be transacted by it at or from places of business in the State of Illinois: \$ 10,000,000

11. Interrogatories: (Important - this section must be completed.)

- (a) Is the corporation transacting business in this state at this time? NO  
 (b) If the answer to item 11(a) is yes, state the exact date on which it commenced to transact business in Illinois:

12. This application is accompanied by a certified copy of the articles of incorporation, as amended, duly authenticated, within the last ninety (90) days, by the proper officer of the state or country wherein the corporation is incorporated.

13. The undersigned corporation has caused this application to be signed by a duly authorized officer, who affirms, under penalties of perjury, that the facts stated herein are true. (All signatures must be in BLACK INK.)

Dated JUNE 3, 2011  
 (Month & Day) (Year)  
Joyce Mason  
 (Any Authorized Officer's Signature)  
 JOYCE MASON, SECRETARY  
 (Print Name and Title)

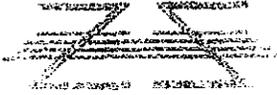
IDT ENERGY, INC.  
 (Exact Name of Corporation)

\* PROPERTY as used in this application shall apply to all property of the corporation, real, personal, tangible, intangible, or mixed without qualifications.

Note 1: Payment in connection with this application must be in the form of a certified check, cashier's check, Illinois attorney or CPA's check or money order made payable to the "Secretary of State". The minimum fee due upon qualification is \$175. Any additional fees will be billed and must be paid before this application can be filed.

**IDT ENERGY, INC.**  
**(A wholly owned subsidiary of Genie Energy Corporation)**  
**FINANCIAL STATEMENTS**

**YEARS ENDED JULY 31, 2010 AND 2009**



# **Zwick Maddox & Banyai, PLLC**

**Certified Public Accountants/Business Consultants**

**Oakland Commons II  
20750 Civic Center Dr.  
Suite 418  
Southfield, MI 48076  
Telephone (248) 356-2330  
Facsimile (248) 356-2328  
E-mail [info@zwickcpa.com](mailto:info@zwickcpa.com)**

## Report of Independent Registered Public Accounting Firm

### **Board of Directors**

**IDT Energy, Inc.**

**(A wholly owned subsidiary of Genie Energy Corporation)**

**Jamestown, New York**

We have audited the accompanying balance sheets of IDT Energy, Inc. (a wholly owned subsidiary of Genie Energy Corporation) as of July 31, 2010 and 2009, and the related statements of income and comprehensive income, shareholder's equity, and cash flows for each of the years in the two year period ended July 31, 2010. IDT Energy Inc.'s management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of IDT Energy, Inc. as of July 31, 2010, and 2009, and the results of its operations and its cash flows for each of the years in the two-year period ended July 31, 2010, in conformity with accounting principles generally accepted in the United States of America.

*Zwick Maddox & Banyai, PLLC*

Southfield, Michigan  
November 10, 2010

**IDT ENERGY, INC.**  
**(A wholly owned subsidiary of Genie Energy Corporation)**  
**BALANCE SHEET - JULY 31, 2010 AND 2009**  
**( See Report of Independent Registered Public Accounting Firm)**

**ASSETS**

	2010	2009
<b>Current assets:</b>		
Cash and cash equivalents	\$ 6,773,011	\$ 580,741
Restricted cash and cash equivalents	473,028	9,468,718
Accounts receivable - net	26,716,514	22,197,814
Inventory	2,694,402	4,120,520
Prepaid expenses	887,182	842,508
<b>Total current assets</b>	<b>37,544,137</b>	<b>37,210,301</b>
<b>Property, plant and equipment, net of accumulated depreciation</b>	<b>25,451</b>	<b>110,963</b>
<b>Other Assets:</b>		
Goodwill	3,663,146	3,663,146
Security deposits	766,319	1,762,814
Intercompany receivables	4,586,327	15,270,222
<b>Total other assets</b>	<b>9,015,792</b>	<b>20,696,182</b>
<b>Total Assets</b>	<b>\$ 46,585,380</b>	<b>\$ 58,017,446</b>

**LIABILITIES AND SHAREHOLDER'S EQUITY**

<b>Current Liabilities:</b>		
Accounts payable	\$ 16,185,365	\$ 11,490,055
Accrued expenses	4,972,621	7,861,383
Hedge payable	87,300	493,273
<b>Total current liabilities</b>	<b>21,245,285</b>	<b>19,844,711</b>
<b>Total Liabilities</b>	<b>21,245,285</b>	<b>19,844,711</b>
<b>Stockholder's Equity:</b>		
Common stock, \$.01 par value; 1,500 shares authorized, 100 outstanding	1	1
Paid In capital	1,527,359	1,518,914
Retained earnings	23,812,734	36,653,820
<b>Total Stockholder's Equity</b>	<b>25,340,094</b>	<b>38,172,735</b>
<b>Total Liabilities and Stockholder's Equity</b>	<b>\$ 46,585,380</b>	<b>\$ 58,017,446</b>

See notes to financial statements.

**IDT ENERGY, INC.**  
**(A wholly owned subsidiary of Genie Energy Corporation)**  
**STATEMENTS OF INCOME AND COMPREHENSIVE INCOME**  
**YEARS ENDED JULY 31, 2010 AND 2009**  
**( See Report of Independent Registered Public Accounting Firm)**

	<u>2010</u>	<u>2009</u>
Revenue	\$ 201,357,575	\$ 264,709,403
Direct cost of revenue	<u>143,531,733</u>	<u>192,550,176</u>
Gross margin	57,825,842	72,159,227
General and administrative expenses	<u>20,011,783</u>	<u>26,804,082</u>
Income from operations	<u>37,814,059</u>	<u>45,355,145</u>
Other income (expense)		
Interest income	43,439	30,201
BP financing fees	<u>(1,774,110)</u>	-
Total Other Income (Expense)	<u>(1,730,671)</u>	<u>30,201</u>
Income Before Taxes	36,083,388	45,385,346
Provision for income taxes	<u>14,658,833</u>	<u>18,160,341</u>
Net Income	<u>\$ 21,424,555</u>	<u>\$ 27,225,005</u>
Unrealized gains (losses) on Investments:		
Change in Unrealized losses on available-for-sale securities, net of tax benefit	<u>-</u>	<u>30,000</u>
Comprehensive Income	<u>\$ 21,424,555</u>	<u>\$ 27,255,005</u>

See notes to financial statements.

**IDT ENERGY, INC.**  
(A wholly owned subsidiary of Genie Energy Corporation)  
**STATEMENT OF SHAREHOLDER'S EQUITY**  
**YEARS ENDED JULY 31, 2010 AND 2009**  
( See Report of Independent Registered Public Accounting Firm)

	Common Stock	Paid in capital	Accumulated other comprehensive (loss)	Retained (Decicit) Earnings	Total Shareholder's Equity
Balance, August 1, 2008	\$ 1	\$ 1,485,335	\$ (30,000)	\$ 9,428,815	\$ 10,884,151
Non cash compensation	-	33,579	-	-	33,579
Unrealized loss of marketable securities	-	-	30,000	-	30,000
Net income	-	-	-	27,225,005	27,225,005
Balance, July 31, 2009	<u>\$ 1</u>	<u>\$ 1,518,914</u>	<u>\$ -</u>	<u>\$ 36,653,820</u>	<u>\$ 38,172,735</u>
Balance, August 1, 2009	\$ 1	\$ 1,518,914	\$ -	\$ 36,653,820	\$ 38,172,735
Non cash compensation	-	8,445	-	-	8,445
Non cash dividend to parent	-	-	-	(34,265,641)	(34,265,641)
Net income	-	-	-	21,424,555	21,424,555
Balance, July 31, 2010	<u>\$ 1</u>	<u>\$ 1,527,359</u>	<u>\$ -</u>	<u>\$ 23,812,734</u>	<u>\$ 25,340,094</u>

See notes to financial statements.

**IDT ENERGY, INC.**  
(A wholly owned subsidiary of Genie Energy Corporation)  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED JULY 31, 2010 AND 2009**  
( See Report of Independent Registered Public Accounting Firm)

	2010	2009
<b>Cash flows from operating activities</b>		
Net Income	\$ 21,424,555	\$ 27,225,005
Adjustments to reconcile net income to net cash from operating activities		
Depreciation	85,512	118,184
Non cash compensation	8,445	33,578
Change in unrealized depreciation of marketable securities	-	30,000
Impairment loss	-	424
Income taxes	11,632,653	14,665,000
Changes in operating activities		
Restricted cash	8,995,690	(9,468,718)
Accounts Receivable	(4,518,700)	29,655,167
Inventory	1,426,118	3,272,846
Prepaid expenses	(44,674)	1,763,101
Other assets	996,495	(1,258,244)
Payables	4,695,310	(21,271,563)
Accruals	(2,888,762)	5,629,087
Total adjustments	20,388,087	23,168,862
<b>Net cash provided by operating activities</b>	<b>41,812,642</b>	<b>50,393,867</b>
<b>Cash flows from investing activities</b>		
Increase in marketable security	-	950,000
<b>Net cash provided by investing activities</b>	-	950,000
<b>Cash flows from financing activities</b>		
Change in hedge receivable	-	2,635
Change in hedge payable	(405,973)	493,273
Change in intercompany account	(35,214,399)	(52,508,957)
<b>Net cash (used in) financing activities</b>	<b>(35,620,372)</b>	<b>(52,013,049)</b>
<b>Net change in cash and cash equivalents</b>	<b>6,192,270</b>	<b>(669,182)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>580,741</b>	<b>1,249,923</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 6,773,011</b>	<b>\$ 580,741</b>
<b>Supplemental Disclosures:</b>		
Interest expense paid	\$ -	\$ 41,667
Income taxes paid	\$ 3,700,142	\$ -

See notes to financial statements.

**IDT ENERGY, INC.**  
**(A wholly owned subsidiary of Genie Energy Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2010 AND 2009**

**NOTE 1 – NATURE OF BUSINESS**

IDT Energy, Inc. (the “Company”) a wholly owned subsidiary of Genie Energy Corporation, was incorporated in the State of Delaware in 2004. The Company is an Energy Service Company (ESCO) that has been approved by the New York State Public Service Commission (PSC), and by local utilities to sell electric and gas supply services to residential and business customers throughout the State of New York. The Company is a wholly owned subsidiary of Genie Energy Corporation. Genie Energy Corporation is a wholly owned subsidiary of IDT Corporation. As an ESCO, IDT Energy, Inc. does not own electrical power generation, transmission or distribution facilities, or natural gas production pipeline or distribution facilities or gas storage facilities, but instead purchases natural gas through wholesale suppliers and various utility companies, and buys electricity in the wholesale market in time-specific, bulk or block quantities, usually at fixed prices. IDT Energy, Inc. also manages internally all of its energy procurement from its numerous suppliers.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The accounting estimates that require our most significant, difficult and subjective judgments include:

- Allowance for Doubtful Accounts
- Unbilled Consumption
- Gas Imbalance
- Electric Supply Settlements
- Allocated Expenses

Actual results may differ from those estimates.

**Cash and Cash Equivalents**

The Company considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. The Company holds cash and cash equivalents and marketable securities at several major financial institutions, which often exceed FDIC insured limits. Historically, the Company has not experienced any losses due to such concentration of credit risk. Management has deemed this an expectable risk.

**IDT ENERGY, INC.**  
**(A wholly owned subsidiary of Genie Energy Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2010 AND 2009**

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (continued)**

**Revenue Recognition**

Revenue consists of sales of natural gas and electricity to predominantly residential and small commercial customers. Revenue is reported net of discounts and refunds and is recognized when delivered to the customers. Discounts, refunds and finance revenue are immaterial in relation to the financial statements taken as a whole.

**Receivables**

The Company has variable rate contracts with almost all customers. This enables the Company to recover costs through rate adjustments without exposure to commodity cost fluctuations. Natural gas and electricity usage is determined through metering that is maintained by the utilities in territories that the company operates in. The utilities maintain all pipelines, meters and related delivery systems and invoice customers for these costs.

The Company has billing services agreements with all of the utilities in markets served by the Company. A key element of the billing services agreements is that the utilities purchase the Company's accounts receivable without recourse to the Company. The utilities purchase these accounts at approximately 98% of their face value, and are granted a first priority lien on those receivables.

**Allowance for Doubtful Accounts**

The allowance for doubtful accounts reflects the Company's best estimate of probable losses inherent in the accounts receivable balance. The Company reviews and adjusts the allowance based on an aging analysis, inactive customer accounts, historical experience, and other factors. At July 31, 2010, and July 31, 2009, allowances for bad debts amounted to approximately \$170,000 and \$162,000, respectively.

**Prepaid Expenses**

Prepaid expenses are comprised of costs associated with natural gas transportation, capacity and delivery imbalances. Delivery imbalances occur when there is a difference between the delivered natural gas quantities and the amount used by customers. Generally the Company has a prepaid asset due to deliveries exceeding consumption. If there is an excess of consumption over deliveries an accrual is recorded as a current liability to account for the balance due to the local distribution company.

**IDT ENERGY, INC.**  
**(A wholly owned subsidiary of Genie Energy Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2010 AND 2009**

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (continued)**

Due to the seasonal nature of the natural gas business, the company incurs costs which get deferred until the natural gas is delivered during the winter heating season. The costs are attributed to the volumes delivered and recovered through rates at the time of delivery to the customers.

**Inventory**

Inventory consists of the purchase of natural gas which is stored at various underground storage facilities. Inventory is valued at a weighted average cost which is based on the purchase of natural gas, cost to transport, plus or minus injections or withdrawals.

**Property, Plant, and Equipment**

Equipment, buildings, computer software and furniture and fixtures are recorded at cost and are depreciated on a straight-line basis over their estimated useful lives, which range as follows: equipment—5, 7, or 20 years; building—40 years; computer software—2,3 or 5 years and furniture and fixtures—5,7 or 10 years. Leasehold improvements are recorded at cost and are amortized on a straight-line basis over the term of their lease or their estimated useful lives, whichever is shorter.

**Goodwill**

Goodwill is the excess of the acquisition cost of a business over the fair value of the identifiable net assets acquired. In accordance with ASC 350 (Formally SFAS 142), goodwill and other indefinite lived intangible assets are not amortized. These assets are reviewed annually (or more frequently under various conditions) for impairment using a fair value approach. The annual goodwill impairment assessment involves estimating the fair value of the reporting unit and comparing it to its carrying amount. If the carrying value of a reporting unit exceeds its estimated fair value, additional steps are followed to determine if an impairment of goodwill is required. The fair value of the reporting units is estimated using discounted cash flow methodologies, as well as considering third party market value indicators. Calculating the fair value of the reporting units requires significant estimates and assumptions by management. Should the estimates and assumptions regarding the fair value of the reporting units prove to be incorrect, the Company may be required to record additional impairments to its goodwill in future periods and such impairments could be material.

**IDT ENERGY, INC.**  
**(A wholly owned subsidiary of Genie Energy Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2010 AND 2009**

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (continued)**

**Derivative Instruments and Hedging Activities**

The Company accounts for derivatives and hedging activities in accordance with ASC 815 (Formally SFAS 133), which requires that all derivative instruments be recorded on the balance sheet at their respective fair values. The accounting for changes in the fair value (that is, gains or losses) of a derivative instrument is dependent upon whether the derivative has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship.

IDT Energy, Inc. supplies electricity and natural gas to its retail customers. The Company utilizes forward physical delivery contracts for a portion of its purchases of electricity and natural gas. These physical delivery contracts are defined as commodity derivative contracts under ASC 815. Using the exemption available for qualifying contracts under ASC 815, the Company applies the normal purchase and normal sale accounting treatment to its forward physical delivery contracts. Accordingly, the Company recognizes revenue from customer sales as energy is delivered to retail customers, and the related energy under the forward physical delivery contract is recognized as direct cost of revenues when it is received from suppliers. In addition, the Company may enter into forward contracts designated as hedges against unfavorable fluctuations in electricity and natural gas prices. Such contracts do not qualify to be accounted for under hedge accounting in accordance with ASC 815 and are recorded at fair value as a current asset or liability and any changes in fair value are recorded in "Direct cost of revenues" in the statements of income.

The Company may also enter into commodity prices forward contracts, designated as economic hedges or as speculative, which do not qualify to be accounted for under hedge accounting in accordance with ASC 815. These contracts are designed to minimize the effect of fluctuations or to take advantage of market trends and fluctuations in commodity prices. Such contracts are recorded at fair value as a current derivative asset or liability and any changes in fair value are recorded in "Other income (expense), net" in the statements of income.

**IDT ENERGY, INC.**  
**(A wholly owned subsidiary of Genie Energy Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2010 AND 2009**

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (continued)**

**Capitalized Internal Use Software Costs**

The Company capitalizes the cost of internal-use software that has a useful life in excess of one year in accordance with ASC 350 (Formally SOP 98-1). These costs consist of payments made to third parties and the salaries of employees working on such software development. Subsequent additions, modifications or upgrades to internal-use software are capitalized only to the extent that they allow the software to perform a task it previously did not perform. Software maintenance and training costs are expensed in the period in which they are incurred. Capitalized internal use software costs are amortized on a straight-line basis over their estimated useful lives. Amortization expense relating to such capitalized software in fiscal 2009, and fiscal 2008 was \$67,438 and \$23,412 respectively.

**Income Taxes**

The Company recognizes deferred tax assets and liabilities for the future tax consequences attributable to temporary differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases. A valuation allowance is provided when it is more likely than not that some portion or all of a deferred tax asset will not be realized. The ultimate realization of deferred tax assets depends on the generation of future taxable income during the period in which related temporary differences become deductible. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies in its assessment of a valuation allowance. Deferred tax assets and liabilities are measured using the enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates are recognized in income in the period that includes the enactment date of such change.

Effective August 1, 2007, the Company adopted ASC 740 (Formally FIN 48). ASC 740 clarifies the accounting for uncertainty in income taxes recognized in an entity's financial statements in accordance with ASC 740 and prescribes that a company should use a more-likely-than-not recognition threshold based on the technical merits of the tax position taken or expected to be taken. Tax positions that meet the more-likely-than-not recognition threshold should be measured in order to determine the tax benefit to be recognized in the financial statements.

**IDT ENERGY, INC.**  
**(A wholly owned subsidiary of Genie Energy Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2010 AND 2009**

**NOTE 2 – SUMMARY OF ACCOUNTING POLICIES (continued)**

**Income Taxes (continued)**

Additionally, ASC 740 provides guidance on derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

**Stock-Based Compensation**

The Company accounts for “Shared-Based Payment” under the fair value recognition provisions of ASC 718 (Formally SFAS 123), using the modified-prospective transition method. Under the transition method, compensation cost includes (a) compensation cost for all share-based payments granted prior to, but not yet vested as of August 1, 2005, based on the grant date fair value estimated in accordance with the original provisions of ASC 718, and (b) compensation cost for all share-based payments granted based on the grant-date fair value estimated in accordance with ASC 718. In accordance with ASC 718 issued in March 2005, stock-based compensation is included in selling, general and administrative expense. IDT Corporation allocates share based compensation to the Company.

**Advertising Expense**

The majority of the Company’s advertising expenses were in radio and internet, with expenses recorded as they are incurred. In fiscal 2010 and fiscal 2009, advertising expense including selling, general and administrative expenses was \$66,587 and \$8,488, respectively.

**IDT ENERGY, INC.**  
**(A wholly owned subsidiary of Genie Energy Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2010 AND 2009**

**NOTE 3 – ACCOUNTS RECEIVABLE**

As of July 31, 2010 and 2009 accounts receivable amount to:

	<u>2010</u>	<u>2009</u>
Accounts Receivable Components:		
General	\$ 14,858,474	\$ 12,792,073
NYISO Settlement	1,543,648	797,757
Unbilled Consumption	10,372,009	8,657,601
Miscellaneous	112,383	112,383
	<u>26,886,514</u>	<u>22,359,814</u>
Less Allowance for Doubtful Accounts	(170,000)	(162,000)
Accounts Receivable Net:	<u>\$ 26,716,514</u>	<u>\$ 22,197,814</u>

**NOTE 4 – INVENTORY**

Inventory is stated at the lower of cost or market as determined by the weighted average cost method. There are certain minimum levels that must be attained periodically during the injection season. The goal is to withdraw inventory to levels as close to zero by the end of the withdrawal season. Inventory is acquired from the utility for customers added during the year and is sold back to the utility for customers returning to utility service. The price for transactions with the utilities is determined by using the utilities weighted average cost. The utility tariff dictates the rules for these transactions. Since the utility must abide by the same minimum thresholds as the Company, the weighted average cost of the utility is relatively close to that of the Company. The weighted average cost is adjusted up or down for these transactions in the month that they occur.

Given that the Company has variable contracts with almost all customers, cost is always used to determine the rate at which customers will be charged for the inventory withdrawals. At July 31, 2010 and 2009 inventory amounted to \$2,694,402 and \$4,120,520 and consisted of gas in storage. There is no storage of electricity.

Inventory is injected into storage facilities owned and operated by third-party pipeline companies. The injection period runs from April 1<sup>st</sup> to approximately October 31<sup>st</sup> of each year. Withdrawals from storage are made from November 1<sup>st</sup> through March 31<sup>st</sup>.

**NOTE 5 – PROPERTY, PLANT AND EQUIPMENT**

Property and equipment are recorded at cost. Depreciation is computed using straight line method over lives ranging from three to ten years.

**IDT ENERGY, INC.**  
(A wholly owned subsidiary of Genie Energy Corporation)  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2010 AND 2009**

**NOTE 5 – PROPERTY, PLANT AND EQUIPMENT (continued)**

Property, plant and equipment consist of the following:

	<u>2010</u>	<u>2009</u>
Computer Software & Development	\$ 306,528	\$ 306,528
Computers, Computer Hardware	175,991	175,991
Office equipment and other assets	57,532	57,532
Leasehold Improvements	2,763	2,763
Furniture & Fixtures	5,300	5,300
	<u>548,114</u>	<u>548,114</u>
Less accumulated depreciation and amortization	522,663	437,151
<b>Net property, plant and equipment</b>	<b>\$ <u>25,451</u></b>	<b>\$ <u>110,963</u></b>

Depreciation and amortization of property, plant and equipment amounted to \$85,512 and \$118,184 in 2010, and 2009, respectively.

**NOTE 6 – NON CASH ACTIVITIES**

The Company incurs various charges through the intercompany payable to Genie Energy Corporation. There were noncash tax charges through the intercompany payable.

**NOTE 7 – RELATED PARTY TRANSACTIONS**

IDT Energy, Inc. is a wholly-owned subsidiary of Genie Energy Corporation. Genie Energy Corporation is a wholly-owned subsidiary of IDT Corporation. IDT Corporation controls the flow of the Company's treasury transactions. IDT Corporation also allocates routine expenses based on company specific items. The Company's allocated expenses amounted to \$305,705 and \$558,355 in 2010 and 2009, respectively.

The Company's liability to IDT Corporation (the Parent) increases and decreases for working capital fluctuations and for income taxes. For the years ended July 31, 2010 and 2009, the balance for income taxes amounted to \$11,632,653 and \$14,665,000, respectively. For cash flow purposes the increase for income taxes is not included in the change in the intercompany account. For balance sheet purposes, the change for income taxes is included. In April 2010, IDT Energy converted \$34.3 million of intercompany receivables to a non cash dividend to IDT Corporation.

**IDT ENERGY, INC.**  
**(A wholly owned subsidiary of Genie Energy Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2010 AND 2009**

**NOTE 7 – RELATED PARTY TRANSACTIONS (continued)**

The Company's (receivable), liability to IDT Corporation on July 31 is as follows:

	<u>2010</u>	<u>2009</u>
Income taxes	\$ 1,567,000	\$ 22,181,881
Receivables and loans	(6,153,326)	(37,452,103)
	<u>\$ (4,586,326)</u>	<u>\$ (15,270,222)</u>

**NOTE 8 – INCOME TAXES**

For income tax purposes, the Company's income is recognized in IDT Corporation's (the Parent's) consolidated income tax returns.

IDT Corporation (the Parent) applies a 40% tax rate to entities included in the consolidated group. Federal taxes are estimated at approximately 32% and State income taxes at approximately 8%. Federal income tax expense for the years ended July 31, 2010 and 2009 amounted to \$11,632,653 and \$14,665,000, respectively. State income tax expense for the years ended July 31, 2010 and 2009 amounted to \$3,026,180 and \$3,495,341, respectively.

**NOTE 9 – SHARE-BASED COMPENSATION**

IDT Corporation (the Parent) adopted the fair value recognition provisions of ASC 718 (Formerly SFAS 123(R)), using the modified-prospective transition method. Under that transition method, compensation cost recognized includes (a) compensation cost for all share-based payments granted, based on the grant date fair value estimated in accordance with the original provisions of ASC 718, and (b) compensation cost for all share-based payments, based on the grant-date fair value estimated in accordance with ASC 718. In accordance with Staff Accounting Bulletin ("SAB") No. 107, share based compensation is included in selling, general and administrative expense. In addition, when the Company adopted ASC 718, deferred compensation was reduced to zero with a corresponding decrease to additional paid in capital.

**IDT ENERGY, INC.**  
**(A wholly owned subsidiary of Genie Energy Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2010 AND 2009**

**NOTE 9 – SHARE-BASED COMPENSATION (continued)**

IDT Corporation (the Parent) entered into a share-based compensation agreement with an officer of the Company. IDT Corporation (the Parent) granted the employee options to acquire 84,261 shares of Class B common stock of IDT Corporation, par value \$.01 per share, pursuant to the agreement.

The term of the options extends for ten years terminating on April 22, 2017. The initial exercise price per share was in the amount of \$11.33. The options shall vest and become exercisable as follows: 28,087 shares on January 2, 2009, and the remaining 28,087 shares on January 2, 2010, if the employee continues to be employed or acts as a consultant to the Company (or any of its subsidiaries) on such date or dates.

The Company uses a Black-Scholes option-pricing model to estimate the fair value of the share-based awards under ASC 718. That model incorporates various and highly subjective assumptions, including expected term, expected volatility, expected dividend yield, and discount rate. Additionally, forfeitures are calculated at zero.

The following assumptions were used to estimate the fair value of option awards as of the date of the share-based compensation agreement:

<u>Fair value of Options Assumptions</u>	
Average expected return	5yrs
Expected volatility	23.60%
Expected dividend yield	4.41%
Discount rate - bond equivalent yield	4.65%

The Company recognizes share-based compensation expense over the service period of the individual share-based compensation agreements, which generally equals the vesting period. For the years ended July 31, 2010 and 2009, such expense amounted to \$8,445 and \$33,578, respectively. For the years ended July 31, 2010 and 2009, the remaining unrecognized compensation cost of option awards related to non-vested share-based compensation amounted to \$0 and \$8,445, respectively.

**IDT ENERGY, INC.**  
**(A wholly owned subsidiary of Genie Energy Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2010 AND 2009**

**NOTE 10 – CONTINGENCIES**

The Company has standby letters of credit with various suppliers to secure procurement of natural gas and electricity. The letters of credit are collateralized by restricted cash of IDT Corporation. There have been no fees charged by IDT Corporation for the collateral. Fees associated with the institutions underwriting the letters of credit are charged to the Company and are part of selling, general and administrative expenses. The face amount of the letters of credit at July 31, 2010 and 2009 were approximately \$1.5 million and \$48.1 million, respectively.

**NOTE 11 – OTHER INCOME (EXPENSE)**

Other income (expense) is comprised of interest income, interest expense and trading gains or losses on speculative trading activities. The gains (losses) on speculative trading activities for the years ending July 31, 2010, and 2009 were \$0 and \$(42,906), respectively. Net interest income for the years ending July 31, 2010 and 2009 was \$43,439 and \$64,411, respectively.

**NOTE 12 – SUPPLIER ARRANGEMENT**

As of June 29, 2009, IDT Energy entered into a Preferred Supplier Agreement with BP Energy Company and BP Corporation North America Inc. (collectively BP), pursuant to which BP will be IDT Energy's preferred provider of electricity and natural gas in New York State. The agreement allows for purchases of electricity and natural gas for customers in areas where the utilities have purchase of receivable, or POR, programs. IDT Energy will purchase electricity and natural gas from BP and pay a fee based on volumetric loads in accordance with the agreement. IDT Energy's obligations to BP are secured by its receivables from its customers and under certain circumstances the posting of letters of credit. IDT Energy's ability to purchase electricity and natural gas under this agreement is subject to satisfaction of certain conditions, including notifications to applicable utilities and the maintenance of certain covenants.

As a result of this agreement, the letters of credit referred to Note 10 above decreased from \$48.1 million to \$1.5 million subsequent to the balance sheet date of July 31, 2010.

**IDT ENERGY, INC.**  
**(A wholly owned subsidiary of Genie Energy Corporation)**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JULY 31, 2010 AND 2009**

**NOTE 13 – RESTRICTED CASH**

Restricted cash represents funds in various financial institutions and are represented by cash or cash equivalents and the use thereof is restricted by agreements with our suppliers NYSO and BP Energy Company. Restricted cash amounted to \$473,028 and \$9,468,718 in 2010, and 2009, respectively.

**NOTE 14 – DEFINED CONTRIBUTION PLANS**

Under IDT Corporation (the Parent), the Company maintains a 401(k) Plan (the "Plan") available to all employees meeting certain eligibility criteria. The Plan permits participants to contribute up to 20% of their salary, not to exceed the limits established by the Internal Revenue Code. The Plan provides for discretionary matching contributions of 50% up to the first 6% of compensation, to be invested in IDT Class B common stock.

The discretionary matching contributions vest over five years. The Plan permits the discretionary matching contributions to be granted as of December 31 of each year. All contributions made by participants vest immediately into the participant's account. In fiscal years 2010 and 2009, the Parent voted not to contribute to the Plan.

**NOTE 15 – SUBSEQUENT EVENTS**

For the year ended July 31, 2010, the Company's Management has reviewed its operations through November 10, 2010 for any events or transactions subsequent to July 31, 2010 that may require recognition or disclosure in the financial statements. Subsequent to year end the BP Supplier Arrangement referred to Note 12 above was modified and extended another 3 years to 2014. Management concluded that there are no additional events or transactions that require disclosure.