

Genie Energy Ltd.
Form DEF 14A
April 08, 2013

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

SCHEDULE 14A

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

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

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material under Rule 14a-12

Genie Energy Ltd.
(Name of Registrant as Specified In Its Charter)

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

GENIE ENERGY LTD.
550 Broad Street
Newark, New Jersey 07102
(973) 438-3500

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TIME AND

DATE: 10:30 a.m., local time, on Tuesday, May 7, 2013.

PLACE: Marriott Courtyard Newark Downtown, 858 Broad Street, Newark, NJ 07102.

ITEMS OF BUSINESS: 1. To elect six directors, each for a term of one year.
2. To transact other business as may properly come before the Annual Meeting and any adjournment or postponement thereof.

RECORD DATE: You can vote if you were a stockholder of record on March 14, 2013.

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

ANNUAL MEETING ADMISSION: If you are a stockholder of record, a form of personal photo identification must be presented in order to be admitted to the Annual Meeting. If your shares are held in the name of a bank, broker or other holder of record, you must bring a brokerage statement or other written proof of ownership as of March 14, 2013 with you to the Annual Meeting, as well as a form of personal photo identification.

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

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE GENIE ENERGY LTD.

STOCKHOLDERS MEETING TO BE HELD ON MAY 7, 2013: The Notice of Annual Meeting and Proxy Statement and the 2012 Annual Report are available at:
www.genie.com/ir

BY ORDER
OF THE
BOARD OF
DIRECTORS

Joyce Mason
Corporate
Secretary

Newark, New Jersey
April 8, 2013

GENIE ENERGY LTD.
550 Broad Street
Newark, New Jersey 07102
(973) 438-3500

PROXY STATEMENT

GENERAL INFORMATION

Introduction

This Proxy Statement is furnished to the stockholders of record of Genie Energy Ltd., a Delaware corporation (the “Company” or “Genie”) as of the close of business on March 14, 2013, in connection with the solicitation by the Company’s Board of Directors (the “Board of Directors”) of proxies for use in voting at the Company’s Annual Meeting of Stockholders (the “Annual Meeting”). The Annual Meeting will be held on Tuesday, May 7, 2013 at 10:30 a.m., local time, at the Marriott Courtyard Newark Downtown, 858 Broad Street, Newark, NJ 07102. The shares of the Company’s Class A common stock, par value \$0.01 per share (“Class A Common Stock”), Class B common stock, par value \$0.01 per share (“Class B Common Stock”) and the Series 2012-A Preferred Stock (“Preferred Stock”) present at the Annual Meeting or represented by the proxies received by telephone, Internet or mail (properly marked, dated and executed) and not revoked, will be voted at the Annual Meeting. This Proxy Statement is being mailed to the Company’s stockholders starting on or about April 11, 2013.

Solicitation and Voting Procedures

This solicitation of proxies is being made by the Company. The solicitation is being conducted by mail and by e-mail, and the Company will bear all attendant costs. These costs will include the expense of preparing and mailing proxy materials for the Annual Meeting and any reimbursements paid to brokerage firms and others for their expenses incurred in forwarding the solicitation materials regarding the Annual Meeting to the beneficial owners of the Company’s Class A Common Stock, Class B Common Stock and Preferred Stock. The Company may conduct further solicitations personally, by telephone or by facsimile through its officers, directors and employees, none of whom will receive additional compensation for assisting with the solicitation.

The close of business on Thursday, March 14, 2013, has been fixed as the record date (the “Record Date”) for determining the holders of shares of Class A Common Stock, Class B Common Stock and Preferred Stock entitled to notice of, and to vote at, the Annual Meeting. As of the close of business on the Record Date, the Company had 22,991,045, shares issued and outstanding and entitled to vote at the Annual Meeting, consisting of 1,574,326 shares of Class A Common Stock and 19,498,752 shares of Class B Common Stock and 1,917,967 shares of Preferred Stock.

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

How do I Vote?

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

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

Stockholders of record should receive a paper copy of our proxy materials and may vote by following the instructions on the proxy card that is included with the proxy materials. As set forth on the proxy card, there are three convenient methods for holders of record to direct their vote by proxy without attending the Annual Meeting: by telephone, on the Internet or by mail. To vote by phone, call the toll-free telephone number on the proxy card (1-800-PROXIES), and to vote by Internet, visit www.voteproxy.com. To vote by mail, mark, date and sign the enclosed proxy card and return it in the postage-paid envelope provided. Holders of record may also vote by attending the Annual Meeting and voting by ballot.

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

How Can I Change My Vote?

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

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

Quorum and Vote Required

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

The affirmative vote of a majority of the voting power present (in person or by proxy) at the Annual Meeting, and casting a vote on the matter, will be required for the approval of the election of directors (Proposal No. 1). This means that the number of votes cast "for" a director nominee must exceed the number of votes cast "against" that nominee. Abstentions are not counted as votes "for" or "against" the proposal.

Under New York Stock Exchange rules, without voting instructions from the beneficial owner, brokers may not vote shares on non-routine matters. The election of directors (Proposal No. 1) is a non-routine matter. In the absence of voting instructions from the beneficial owner, a broker non-vote may occur. In the event of a broker non-vote or an abstention with respect to any proposal coming before the Annual Meeting, the shares represented by the relevant proxy will not be deemed to be present and entitled to vote on those proposals for the purpose of determining the total number of shares of which a majority is required for adoption, having the practical effect of reducing the number of affirmative votes required to achieve a majority vote for such matters by reducing the total number of shares from which a majority is calculated.

How Many Votes Are Required to Approve Other Matters?

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

Stockholders Sharing the Same Address

We are sending only one copy of the Annual Report and Proxy Statement to stockholders of record who share the same last name and address, unless they have notified the Company that they want to continue to receive multiple copies. This practice, known as "householding," is designed to reduce duplicate mailings and printings and postage costs. However, if any stockholder residing at such address wishes to receive a separate Annual Report or Proxy Statement in the future, he or she may contact Joyce J. Mason, Esq., Corporate Secretary, Genie Energy Ltd., 550 Broad Street, Newark, New Jersey 07102, or by phone at (973) 438-1000, and we will promptly forward to such stockholder a separate Annual Report or Proxy Statement. The contact information above may also be used by members of the same household currently receiving multiple copies of the 2012 Annual Report and Proxy Statement in order to request that only one set of materials be sent in the future.

References to Fiscal Years

The Company's fiscal year ends on December 31 of each calendar year. On January 30, 2012, the Company's Board of Directors changed the Company's fiscal year end from July 31 to December 31. Accordingly, beginning January 1, 2012, a fiscal year is equivalent to the same calendar year – for example, Fiscal 2012 refers to the Fiscal Year ended December 31, 2012). For periods ended on or prior to December 31, 2011, a fiscal year refers to the 12-month period ended on July 31 of that year – for example, a reference to Fiscal 2011 refers to the Fiscal Year ended July 31, 2011.

References to Interim Period

Each reference to Interim Period refers to the period from August 1, 2011 to December 31, 2011, which is the period during which we transitioned from our previous fiscal year schedule to the current schedule.

CORPORATE GOVERNANCE

Introduction

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

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

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

Director Independence

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

1. During the past three years, the Company shall not have employed the director, or, except in a non-officer capacity, any of the director's immediate family members;
2. During the past three years, the director shall not have received, and shall not have an immediate family member who has received, during any twelve-month period within the last three years, more than \$120,000 in direct compensation from the Company, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service);
3. (a) The director shall not be a current partner or employee of a firm that is the Company's internal or external auditor, (b) the director shall not have an immediate family member who is a current partner of such firm, (c) the director shall not have an immediate family member who is a current employee of such firm and personally works on the Company's audit, and (d) neither the director nor any of his or her immediate family members shall have been, within the last three years, a partner or employee of such firm and personally worked on the Company's audit within that time;
4. Neither the director, nor any of his or her immediate family members, shall be, or shall have been within the last three years, employed as an executive officer of another company where any of the Company's present executive officers at the same time serves or served on that company's compensation (or equivalent) committee; and

5. The director shall not be a current employee and shall not have an immediate family member who is a current executive officer of a company (excluding tax exempt organizations) that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three Fiscal Years, exceeds the greater of (a) \$1 million or (b) two percent of the consolidated gross revenues of such other company. The Corporate Governance Committee will review the materiality of such relationship to tax exempt organizations to determine if such director qualifies as independent.

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

The Corporate Governance Committee considered the following relationships between the Company and W. Wesley Perry in determining Mr. Perry's independence: In April 2008, W. Wesley Perry sold a portion of his interest in EGL Oil Shale LLC to IDT Corporation for a cash payment of \$632,400. Mr. Perry joined the Genie Energy International Corporation board of directors at its inception in September 2009 and purchased a 0.2% interest in Genie Energy International Corporation, the Company's subsidiary, for \$400,000 in April 2010. Mr. Perry was not a director or otherwise a "Related Person" of the Company at the time of these transactions. Mr. Perry became a member of IDT Corporation's Board of Directors on September 13, 2010, resigned from IDT Corporation's Board of Directors in conjunction with the spin-off of the Company from IDT Corporation in October 2011 (the "spin-off") and became a member of the Company's board at that time. Certain prior owners of EGL hold interests in a 1% overriding royalty interest in the production under a commercial lease that may be granted to AMSO, LLC (a subsidiary of the Company) should AMSO, LLC successfully convert its research, development, and demonstration lease into a commercial lease oil shale lands in western Colorado. Mr. Perry owns 26.35% of that 1% overriding royalty interest. The Corporate Governance Committee determined, after considering the timing, ownership and financial interest of the transactions, that the foregoing relationships were not material relationships with the Company and would not impact Mr. Perry's independence. The Corporate Governance Committee (with Mr. Perry abstaining), therefore, recommended that the Board of Directors determine that Mr. Perry be deemed independent in accordance with the Corporate Governance Guidelines. The Board of Directors accepted the Corporate Governance Committee's recommendation.

The Corporate Governance Committee considered the following relationship between Irwin Katsof and the Company in determining Mr. Katsof's independence: In October 2010, Mr. Katsof became a director of CTM Media Holdings, Inc., a company controlled by our Chairman of the Board, Howard Jonas, and spun-off from IDT Corporation in September 2009. The Corporate Governance Committee determined, after considering that there have been no material transactions between the Company and CTM Media, that the foregoing relationship was not material and would not impact Mr. Katsof's independence. The Corporate Governance Committee, therefore, recommended that the Board of Directors determine that Mr. Katsof be deemed independent in accordance with the Corporate Governance Guidelines. The Board of Directors accepted the Corporate Governance Committee's recommendation.

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

Director Selection Process

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

Director Communications

Stockholders and other interested persons seeking to communicate directly with the Board of Directors, with the lead independent director (currently Mr. Perry) or the independent directors as a group, should submit their written comments c/o Lead Independent Director at our principal executive offices, Genie Energy Ltd., 550 Broad Street, Newark, New Jersey 07102. The lead independent director will review any such communication at the next regularly scheduled Board meeting unless, in his or her judgment, earlier communication to the Board is warranted. If a stockholder communication raises concerns about the ethical conduct of us or our management, it should be sent directly to our Corporate Secretary, Joyce J. Mason, Esq. at our principal executive offices, Genie Energy Ltd., 550 Broad Street, Newark, New Jersey 07102. The Corporate Secretary will promptly forward a copy of any such communication to the Chairman of the Audit Committee and, if appropriate, our Chairman of the Board, and take such actions as they authorize to ensure that the subject matter is addressed by the appropriate committee of the Board of Directors, by management and/or by the full Board of Directors.

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

Obscene materials;
Unsolicited marketing or advertising material or mass mailings;
Unsolicited newsletters, newspapers, magazines, books and publications;
Surveys and questionnaires;
Resumes and other forms of job inquiries;
Requests for business contacts or referrals;
Material that is threatening or illegal; or
Any communications or materials that are not in writing.

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

Routine questions, service and product complaints and comments that can be appropriately addressed by management; and
Routine invoices, bills, account statements and related communications that can be appropriately addressed by management.

BOARD OF DIRECTORS AND COMMITTEES

Board of Directors

The Board of Directors held ten (10) meetings in Fiscal 2012. In Fiscal 2012, each of the Company’s directors attended or participated in 75% or more of the aggregate of (i) the total number of regularly scheduled meetings of the Board of Directors held during the period in which each such director served as a director and (ii) the total number of regularly scheduled meetings held by all committees of the Board of Directors during the period in which each such director served on such committees.

Directors are encouraged to attend the Company’s annual meetings of stockholders, and the Company generally schedules a meeting of the Board of Directors on the same date and at the same place as the annual meeting of stockholders to encourage director attendance. All of the members constituting the Board of Directors at the time of the annual meeting of stockholders for Fiscal 2011 attended the 2011 annual meeting of stockholders.

Board of Directors Leadership Structure and Risk Oversight Role

Our Chairman of the Board, Mr. Jonas, provides overall leadership to the Board of Directors in its oversight function. The Board recognizes that one of its key responsibilities is to evaluate and determine its optimal leadership structure so as to provide independent oversight of management. The Board understands that there is no single, generally accepted approach to providing Board leadership, and that given the dynamic and competitive environment in which we operate, the appropriate Board leadership structure may vary as circumstances warrant. The Board has determined that given Howard Jonas’ extensive experience in managing companies and extensive knowledge of the Company and its industries that it operates in, Mr. Jonas’ leadership is optimal for the Company at the present time.

The Board of Directors as a whole, and through its committees, has responsibility for the oversight of risk management, including the review of the policies with respect to risk management and risk assessment. The risk management oversight roles of the Compensation, Audit and Corporate Governance Committees discussed below,

which are comprised solely of independent directors, provide an appropriate and effective balance to the Chairman of the Board's role. With the oversight of the full Board of Directors, the Company's senior management is responsible for the day-to-day management of the material risks the Company faces. The Board of Directors is required to satisfy itself that the risk management process implemented by management is adequate and functioning as designed.

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

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

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

Board Committees

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

Audit Committee

The Audit Committee consists of W. Wesley Perry (Chairman), Alan Rosenthal and Allan Sass, and is responsible for, among other things, the appointment, compensation, removal and oversight of the work of the Company's independent registered public accounting firm. The Audit Committee also oversees management's performance of its responsibility for the integrity of the Company's accounting and financial reporting and its systems of internal controls, the performance of the Company's internal audit function and the Company's compliance with legal and regulatory requirements. The Audit Committee operates under a written Audit Committee charter adopted by the Board of Directors, which can be found in the Governance section of our web site, <http://genie.com/governance.php>, and is also available in print to any stockholder upon request to the Corporate Secretary. The Audit Committee held seven (7) meetings during Fiscal 2012. The Board of Directors has determined that (i) all of the members of the Audit Committee are independent within the meaning of the Section 303A.07(b) and Section 303A.02 of the New York Stock Exchange Listed Company Manual and Rule 10A-3(b) under the Securities Exchange Act of 1934, and (ii) that Mr. Perry qualifies as an "audit committee financial expert" within the meaning of Item 407(d)(5) of Regulation S-K.

Nominating Committee

The Nominating Committee is responsible for overseeing nominations to the Board of Directors, including: (i) developing the criteria and qualifications for membership on the Board of Directors, (ii) recommending candidates to fill new or vacant positions on the Board of Directors, and (iii) conducting appropriate inquiries into the backgrounds of potential candidates. A summary of new director qualifications can be found under the heading "Director Selection Process." The Nominating Committee currently consists of Howard S. Jonas (Chairman), James A. Courter and W. Wesley Perry. W. Wesley Perry is independent in accordance with Section 303A.02 of the New York Stock Exchange Listed Company Manual. Mr. Jonas and Mr. Courter do not meet the requirements to be deemed independent. The Company, as a "controlled company," is exempt from the requirement to maintain an independent nominating committee pursuant to Section 303A.00 of the New York Stock Exchange Listed Company Manual. The Nominating Committee operates under a written charter adopted by the Board of Directors, which can be found in the Governance section of our web site, <http://genie.com/governance.php>, and which is also available in print to any stockholder upon request to the Corporate Secretary. The Nominating Committee held one (1) meeting during Fiscal 2012.

Compensation Committee

The Compensation Committee is responsible for, among other things, reviewing, evaluating and approving all compensation arrangements for the executive officers of the Company, evaluating the performance of executive officers, administering the Company's 2011 Stock Option and Incentive Plan, and recommending to the Board of Directors the compensation for Board members, such as retainers, committee and other fees, stock option, restricted stock and other stock awards, and other similar compensation as deemed appropriate. The Compensation Committee confers with the Company's executive officers when making the above determinations. The Compensation Committee currently consists of Messrs. Rosenthal (Chairman), Katsof and Perry. The Compensation Committee held six (6) meetings during Fiscal 2012. The Compensation Committee operates under a written charter adopted by the Board of Directors, which can be found in the Governance section of our web site, <http://genie.com/governance.php>, and which is also available in print to any stockholder upon request to the Corporate Secretary. The Board of Directors has determined that all of the members of the Compensation Committee are independent within the meaning of Section 303A.02 of the New York Stock Exchange Listed Company Manual and the categorical standards set forth above.

Compensation Committee Interlocks and Insider Participation

None of the members of the Compensation Committee have served as an officer or employee of the Company or have any relationship with the Company that is required to be disclosed under the heading "Related Person Transactions."

Corporate Governance Committee

The Corporate Governance Committee is responsible for, among other things, reviewing and reporting to the Board of Directors on matters involving relationships among the Board of Directors, the stockholders and senior management. The Corporate Governance Committee (i) reviews the Corporate Governance Guidelines and other policies and governing documents of the Company and recommends revisions as appropriate, (ii) reviews any potential conflicts of interests of independent directors, (iii) reviews and monitors related person transactions, (iv) oversees the self-evaluations of the Board of Directors, the Audit Committee and the Compensation Committee and (v) reviews and determines director independence, and makes recommendations to the Board of Directors regarding director independence. The Corporate Governance Committee currently consists of Messrs. Katsof (Chairman), Perry and Sass. The Corporate Governance Committee held six (6) meetings in Fiscal 2012. The Corporate Governance Committee operates under a written charter adopted by the Board of Directors, which can be found in the Governance section of our web site, <http://genie.com/governance.php>, and which is also available in print to any stockholder upon request to the Corporate Secretary. The Board of Directors has determined that all of the members of the Corporate Governance Committee are independent within the meaning of Section 303A.02 of the New York Stock Exchange Listed Company Manual and the categorical standards set forth above.

Technology Committee

The Technology Committee is responsible for examining and providing oversight over management's direction of and investment in the Company's research and development and technology initiatives. This includes evaluating the quality and direction of the Company's research and development programs, identifying emerging issues and evaluating the level of review by external experts based on the committee members' experience and other resources available to the Committee. The Committee also reviews the Company's approaches to acquiring and maintaining technology, and evaluates the technology that the Company is researching and developing. The Technology Committee currently consists of Messrs. Sass (Chairman), Katsof and Perry. The Technology Committee held one (1) meeting in Fiscal 2012. The Technology Committee operates under a written charter adopted by the Board of Directors, which can be found in the Governance section of our web site, <http://genie.com/governance.php>, and which is also available in print to any stockholder upon request to the Corporate Secretary.

2012 COMPENSATION FOR NON-EMPLOYEE DIRECTORS

Annual compensation for non-employee directors for Fiscal 2012 was comprised of equity compensation, consisting of awards of restricted Class B Common Stock, and cash compensation. Each of these components is described in more detail below.

Director Equity Grants

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

Director Board Retainers

Each non-employee director of the Company who attends at least 75% of the regularly scheduled meetings of the Board of Directors and committees of which he or she is a member during a calendar year will receive an annual cash retainer of \$50,000. Such payment will be made in January of the calendar year following attendance of at least 75% of the Board of Directors and committee meetings during the preceding year, and is pro-rated, based on the quarter in which the director joins, for non-employee directors who join the Board of Directors or depart from the Board of Directors during the prior year, if such director attended 75% of the applicable Board of Directors and committee meetings for the period when he or she was a director. The Company's Chairman may, in his discretion, waive the requirement of 75% attendance by a director to receive the annual retainer in the case of mitigating circumstances. There is no additional compensation for serving on a committee as a committee chair, for the Lead Independent Director or for the Audit Committee Financial Expert. The Compensation Committee periodically reviews our director compensation practices.

2012 Director Compensation Table

The following table lists the Fiscal 2012 compensation for any person who served as a non-employee director during Fiscal 2012. This table does not include compensation to Howard S. Jonas, who serves as a director and is a named executive officer, as he did not receive compensation for his service as a director during Fiscal 2012. Mr. Courter, who is a director of the Company and serves as a paid consultant to the Company, did not receive any compensation for his service as a director.

Name	Dates of Board Service During Fiscal 2012	Fees Earned or Paid in Cash (\$)(1)	Stock Awards (\$)	All Other Compensation (\$)	Total (\$)
Irwin Katsof	03/28/2012–12/31/2012	\$ 50,000	\$ 28,528 (2)	\$ —	\$ 78,528
W. Wesley Perry	01/01/2012–12/31/2012	\$ 50,000	\$ 23,360 (3)	\$ —	\$ 73,360
Alan Rosenthal	01/01/2012–12/31/2012	\$ 50,000	\$ 23,360 (3)	\$ —	\$ 73,360
Allan Sass	01/01/2012–12/31/2012	\$ 50,000	\$ 23,360 (3)	\$ —	\$ 73,360

(1) Represents the annual Board of Directors retainer earned in Fiscal 2012.

(2) Represents the grant date fair value of an award of 2,920 shares of the Company's Class B Common stock on March 28, 2012, computed in accordance with FASB ACS Topic 718R.

(3) Represents the grant date fair value of an award of 2,920 shares of the Company's Class B Common stock on January 5, 2012, computed in accordance with FASB ACS Topic 718R.

Non-employee directors held the following stock awards of the Company's Class B Common Stock granted for director service, and options to purchase shares of the Company's Class B Common Stock, as of December 31, 2012:

Name	Class B Common Stock	Options to Purchase Class B Common Stock
Irwin Katsof	2,920	—
W. Wesley Perry	3,650	—
Alan Rosenthal	3,650	—
Allan Sass	3,650	—

RELATED PERSON TRANSACTIONS

Review of Related Person Transactions

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

Transactions with Related Persons, Promoters and Certain Control Persons

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

The Transition Services Agreement between Genie Energy Ltd. and IDT Corporation, dated October 28, 2011 (the "TSA"), pursuant to which IDT, which is controlled by Howard S. Jonas, our controlling stockholder and Chairman of the Board, continues to provide certain services, including, but not limited to, services relating to human resources, employee benefits administration, finance, accounting, tax, internal audit, facilities, investor relations and legal for an agreed period following the spin-off. Additionally, under the same agreement, Genie provided specified administrative services to certain of IDT's foreign subsidiaries. Furthermore, IDT granted us a license to use the IDT and IDT Energy names for our retail energy provider (REP) business. IDT charged Genie a total of \$3,774,787.06 for services provided by IDT pursuant to the TSA during Fiscal 2012. Genie charged IDT for certain payroll allocation in the amount of \$128,683.56 during Fiscal 2012. Moreover, the Company's subsidiary, IDT Energy, Inc., supplied IDT Corporation with electricity for its Piscataway building from August 2011 to February 2012 and has been supplying IDT Corporation with gas and electricity for its Newark headquarters building since March 2011. Genie charged IDT Corporation \$159,886 during Fiscal 2012.

Michael Jonas, son of Howard Jonas, became an employee of IDT Corporation in 2005. During Fiscal 2012, Michael Jonas was an employee of Genie and his total compensation was \$204,942 during that period. Michael Jonas' current annual base salary is \$185,400. In addition, in December 2011, the Compensation Committee approved the following subsidiary equity grants to Michael Jonas: 0.150% equity interest in Israel Energy Initiatives, Ltd., 0.250% equity interest in Genie Mongolia, Inc. and .200% equity interest in Genie Israel Oil and Gas Ltd. To date, the subsidiary equity grants to Michael Jonas have not been effectuated.

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

Unless otherwise noted, the security ownership information provided below is given as of April 1, 2013, and all shares are owned directly. Percentage ownership information is based on the following amount of outstanding shares: 1,574,326 shares of Class A Common Stock, 19,506,086 shares of Class B Common Stock and 1,917,967 shares of Preferred Stock. The numbers reported for Howard S. Jonas assume the conversion of all 1,574,326 currently outstanding shares of Class A Common Stock into Class B Common Stock.

Name	Number of Shares of Class B Common Stock	Percentage of Ownership of Class B Common Stock	Number of Shares of Preferred Stock	Percentage of Ownership of Class B Common Stock	Percentage of Aggregate Voting Power d
Howard S. Jonas 550 Broad Street Newark, NJ 07102	4,398,112 (1)	14.5 %	—	—	73 %
Claude Pupkin	94,455 (2)	*	—	—	*
Geoff Rochwarger	61,629 (3)	*	15,453	—	*
Avi Goldin	20,293 (4)	*	—	—	*
James A. Courter	481,983 (5)	2.5 %	—	—	*
Irwin Katsof	5,840	*	—	—	*
W. Wesley Perry	46,152 (6)	*	—	—	*
Alan Rosenthal	6,803	*	—	—	*
Allan Sass	6,570	*	—	—	*
All directors, Named Executive Officers and executive officers as a group (10 persons)	5,179,471 (7)	26.5 % (8)	15,453	—	74 %

*

Less than 1%.

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

(1) Consists of an aggregate of 1,574,326 shares of the Company's Class A Common Stock and 2,823,786 shares of the Company's Class B Common Stock, consisting of (i) 18,334 shares of the Company's Class B Common Stock held by Mr. Jonas directly, (ii) an aggregate of 7,780 shares of the Company's Class B Common Stock beneficially owned by custodial accounts for the benefit of the children of Mr. Jonas (of which Mr. Jonas is the custodian), (iii) 1,269,427 shares of the Company's Class B Common Stock owned by the Howard S. Jonas 2009 Annuity Trust II, of which Howard Jonas is the trustee and (iv) 1,528,245 shares of the Company's unvested Class B Common Restricted Stock held by Mr. Jonas directly. Does not include (a) an aggregate of 1,502,619 shares of the Company's Class B Common Stock beneficially owned by trusts for the benefit of the children of Mr. Jonas, as Mr. Jonas does not exercise or share investment control of these shares, (b) 275,047 shares of Class B Common Stock owned by the Jonas Foundation, as Mr. Jonas is not deemed to beneficially own these shares, (c) 600,033 shares of the Company's Class B Common Stock owned by the Howard S. & Deborah Jonas Foundation, as Mr. Jonas is not deemed to beneficially own these shares. Mr. Jonas, with his wife Deborah Jonas, is the co-trustee of each of The Jonas Foundation and the Howard S. and Deborah Jonas Foundation, (d) 620,888 shares of the Company's Class B Common Stock owned by the 2012 Jonas Family, LLC (Mr. Jonas is a minority equity holder of such entity), and (e) deferred stock units representing the right to receive 50.56 shares of common stock of the Company's subsidiary, IDT Energy, Inc., held by Mr. Jonas.

- (2) Consists of (a) 29,608 shares of the Company's Class B Common Stock held directly, (b) 6,420 shares of the Company's Class B Common Stock held by Mr. Pupkin in his Individual Retirement Account, (c) 42,975 shares of Class B Common Restricted Stock that are subject to forfeiture ("Restricted Stock") and (d) options to purchase 15,452 shares of our Class B Common Stock, which are currently exercisable. Does not include options to purchase an additional 24,974 shares of Class B Common Stock that are not currently exercisable and do not become exercisable within 60 days and 1.271 restricted ordinary shares of the Company's subsidiary, Genie Israel Oil and Gas Ltd. held by Mr. Pupkin.
- (3) Consists of (a) 24,975 shares of Restricted Stock, (b) 20,280 shares of the Company's Class B Common Stock held by Mr. Rochwarger directly and (c) options to purchase 16,374 shares of our Class B Common Stock, which are currently exercisable. Does not include options to purchase an additional 24,974 shares of Class B Common Stock that are not currently exercisable and do not become exercisable within 60 days, deferred stock units representing the right to receive 18,000 shares of the Company's Class B common stock and deferred stock units representing the right to receive 4.21 shares of common stock of the Company's subsidiary, IDT Energy, Inc., held by Mr. Rochwarger.
- (4) Consists of (a) 9,694 shares of Restricted Stock, (b) 4,685 shares of the Company's Class B Common Stock held directly by Mr. Goldin, (c) 1,900 shares of the Company's Class B Common Stock held by Mr. Goldin in his Individual Retirement Account and (d) options to purchase 4,014 shares of our Class B Common Stock, which are currently exercisable. Does not include options to purchase an additional 8,028 shares of Class B Common Stock that are not currently exercisable and do not become exercisable within 60 days and 1.017 restricted ordinary shares of the Company's subsidiary, Genie Israel Oil and Gas Ltd. held by Mr. Goldin.
- (5) Subject to certain conditions, Mr. Courter is entitled to convert an interest in IDT Corporation plus 225,129 of these shares into the number of shares of Genie Energy International Corporation equal to 1% of the outstanding equity of Genie Energy International Corporation at the time of conversion.
- (6) Consists of (a) 33,333 shares of IDT Class B Common Stock held by Mr. Perry's retirement plans and (b) 12,819 shares of Class B Common Stock held directly. In addition, Mr. Perry owns 250 shares (a 0.2% interest) of the Company's subsidiary, Genie Energy International Corporation.
- (7) Consists of the shares and options set forth above with respect to the Named Executive Officers and directors (including Howard Jonas' shares of Class A Common, which are convertible into Class B Common Stock), and the following shares of Class B Common Stock held by other executive officers: (a) 38,986 shares of Class B Common Stock held directly, (b) 8,832 shares of Restricted Common Stock, and (c) options to purchase 9,816 shares of our Class B common stock which are currently exercisable. Does not include options to purchase an additional 2,167 shares of Class B Common Stock that are not currently exercisable and do not become exercisable within 60 days.
- (8) Assumes conversion of all of the shares of the Company's Class A Common Stock into shares of the Company's Class B Common Stock.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under the securities laws of the United States, the Company's directors, executive officers, and any persons holding more than ten percent or more of a registered class of the Company's equity securities are required to file reports of ownership and changes in ownership, on a timely basis, with the SEC and the New York Stock Exchange. Based on material provided to the Company, the Company believes that all such required reports were filed on a timely basis in Fiscal 2012, except with respect to a sale of shares in a brokerage account that was treated by the bank as abandoned property and sold on September 4, 2012, without Mr. Rochwarger's knowledge, and which was reported on a Form 4 filed January 9, 2013.

EXECUTIVE COMPENSATION

COMPENSATION COMMITTEE REPORT

The Compensation Committee has reviewed and discussed with management the following Compensation Discussion and Analysis section of the Company's 2012 Proxy Statement. Based on our review and discussions, we have recommended to the Board of Directors that the Compensation Discussion and Analysis be included in Genie's 2012 Proxy Statement.

Alan Rosenthal, Chairman
Irwin Katsof
W. Wesley Perry

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

COMPENSATION DISCUSSION AND ANALYSIS

The following discussion and analysis of our compensation practices and related compensation information should be read in conjunction with the Summary Compensation table and other tables included in this proxy statement, as well as our financial statements and management's discussion and analysis of financial condition and results of operations included in our Annual Report on Form 10-K for the fiscal year ended December 31, 2012, which we refer to as the Form 10-K. The following discussion includes statements of judgment and forward-looking statements that involve risks and uncertainties. These forward-looking statements are based on our current expectations, estimates and projections about our industry, our business, compensation, management's beliefs, and certain assumptions made by us, all of which are subject to change. Forward-looking statements can often be identified by words such as "anticipates," "expects," "intends," "plans," "predicts," "believes," "seeks," "estimates," "may," "will," "should," "would," "could," "continue," "ongoing," similar expressions, and variations or negatives of these words and include, but are not limited to, statements regarding projected performance and compensation. Actual results could differ significantly from those projected in the forward-looking statements as a result of certain factors, including, but not limited to, the risk factors discussed in the Form 10-K. We assume no obligation to update the forward-looking statements or such risk factors.

Introduction

We were spun-off from IDT Corporation (IDT) in October 2011. Prior to that date, all of our executive officers were employees of IDT or its subsidiaries, and were compensated by such entities under IDT's compensation policies.

For all periods subsequent to our spin-off from IDT, it is the responsibility of the Compensation Committee of our board of directors to oversee our general compensation policies; to determine the base salary and bonus to be paid each year to each of our executive officers; to oversee our compensation policies and practices as they relate to our risk management; and to determine the compensation to be paid each year to our non-employee directors for service on our board of directors and the various committees of our board of directors. In addition, the Compensation Committee administers our 2011 Stock Option and Incentive Plan with respect to stock option grants or other equity-based awards made to our executive officers. Further, certain executives are eligible to receive grants of equity in certain of our subsidiaries. Shares of restricted stock are granted to our non-employee directors automatically under our 2011 Stock Option and Incentive Plan on an annual basis.

Elements of Compensation

The three broad components of our executive officer compensation are base salary, annual cash incentive bonus awards, and long term equity-based incentive awards, which can be made in our Class B Common Stock under our 2011 Stock Option and Incentive Plan, or in equity of certain of our subsidiaries under equity plans or other arrangements. The Compensation Committee periodically reviews total compensation levels and the allocation of compensation among these three components for each of the executive officers in the context of our overall compensation policy. Additionally, the Compensation Committee, in conjunction with our Board of Directors, reviews the relationship of executive compensation to corporate performance generally and with respect to specific enumerated goals that are established by the Compensation Committee early in each fiscal year. The Compensation Committee believes that our current compensation plans are serving their intended purposes and are functioning reasonably. Below is a description of the general policies and processes that govern the compensation paid to our executive officers, as reflected in the accompanying compensation tables.

Company Performance

During Fiscal 2011 (the period from August 1 2010, through July 31, 2011), the period from August 1, 2011 through December 31, 2011, which we refer to as the Interim Period, and Fiscal 2012 (January 1, 2012 through December 31, 2012), the Company operated in accordance with its business plan, and management was satisfied with the performance in each period. In Fiscal 2012, IDT Energy recorded substantial increases in revenue and gross profit, and improved gross margins while aggressively expanding its customer base and geographic reach. These results were delivered despite varying weather, fluctuating commodity prices and increased competition in the retail energy provider market. During Fiscal 2012, Genie Oil & Gas made progress on two active oil shale development projects and efforts in identifying and seeking other opportunities while attempting to bring in investors and other strategic partners. AMSO completed construction of its pilot project in Colorado and prepared for full pilot operations in early 2013. IEI achieved a positive result on two legal claims brought in the Israeli Supreme Court seeking to invalidate its license and made progress on the other regulatory approval necessary before it can commence construction of its pilot plant. GOGAS also signed a Joint Survey Agreement with the government of Mongolia, and made substantial progress toward obtaining an exploration license in northern Israel, which was granted in February 2013.

Pre-Spin-Off Periods

Prior to the spin-off, all of the Named Executive Officers were employees of IDT or its subsidiaries and all compensation for Fiscal 2011 (as well as part of the interim period up to the consummation of the spin-off on October 28, 2011) disclosed in the tables below was paid by IDT for services provided by the Named Executive Officers to our business segments and other units of IDT. During Fiscal 2011, Howard Jonas served as the Chairman of the Board of Directors and CEO of IDT, Claude Pupkin served as Executive Vice President of IDT, Chief Financial Officer of Genie and President of AMSO LLC, Geoff Rochwarger served as the Chairman and Chief Executive Officer of IDT Energy and Avi Goldin served as Vice President of IDT.

The pre-spin-off compensation of Howard Jonas and Claude Pupkin were set by the Compensation Committee of the Board of Directors of IDT after discussions with management about the recommended levels and components of compensation for each of the individuals. The historical compensation of Messrs. Rochwarger and Goldin were set by the management of IDT. Post spin-off, compensation of all such individuals from the Company was set by the Compensation Committee of our Board of Directors.

Compensation Structure, Philosophy and Process

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

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

Incentive compensation is designed to reward contributions to achieving the Company's goals for