

ORMAT TECHNOLOGIES, INC.  
Form DEF 14C  
December 11, 2014

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

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SCHEDULE 14C

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

Check the appropriate box:

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

Ormat Technologies, Inc.  
(Name of the Registrant as Specified In Its Charter)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(4) and 0-11.
  - 1) Title of each class of securities to which transaction applies:
  - 2) Aggregate number of securities to which transaction applies:
  - 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):
  - 4) Proposed maximum aggregate value of transaction:
  - 5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing:
  - 1) Amount previously paid:
  - 2) Form, Schedule or Registration Statement No:

3) Filing Party:

4) Date Filed:

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6225 Neil Road  
Reno, Nevada 89511

NOTICE OF STOCKHOLDER ACTION BY WRITTEN CONSENT

To Our Stockholders:

We are sending our stockholders this notice of stockholder action by written consent and the enclosed information statement to inform you that we have obtained stockholder approval to issue approximately 30,200,000 shares of our common stock in connection with a proposed “share exchange” described in the information statement, and to give you certain information related to that share exchange and related transactions and agreements.

Under the rules of The New York Stock Exchange, a majority of our stockholders must approve the issuance of additional shares of our common stock under certain circumstances, which include the proposed share exchange. On November 10, 2014, we obtained that approval. Ormat Industries Ltd., which owns approximately 59.75% of our common stock, signed a written consent approving the issuance of additional shares of our common stock for the share exchange, among other things. Accordingly, we are not:

- asking our stockholders to approve the issuance of the additional shares of our common stock, the share exchange or any related matter;
- soliciting proxies for a stockholder vote on any of those matters; or
- having a stockholder meeting to vote on any of those matters.

However, we are providing all of our stockholders with the information in the enclosed information statement. Please read the information statement carefully. It includes important information about the new share issuance, the proposed share exchange and a series of related transactions. If completed, we expect these transactions to change our corporate organizational structure and the composition of our stockholder base. The share exchange and related transactions will only be completed if various conditions are satisfied, as described in the enclosed information statement.

This notice and the enclosed information statement are being mailed on or about December 12, 2014 to stockholders of record at the close of business on November 28, 2014. The share issuance will not be made prior to January 1, 2015, which is twenty (20) calendar days following the date on which the definitive form of this information statement is first mailed to our stockholders.

WE ARE NOT ASKING YOU FOR A PROXY AND  
YOU ARE REQUESTED NOT TO SEND US A PROXY

By order of the Board of Directors,

/s/ Isaac Angel  
Isaac Angel  
Chief Executive Officer

December 12, 2014



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6225 Neil Road  
Reno, Nevada 89511

## INFORMATION STATEMENT

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### ABOUT THIS INFORMATION STATEMENT

This information statement is being provided by Ormat Technologies, Inc., a Delaware corporation (“Ormat,” “we,” “us,” “the Company” or “our Company”), to notify our stockholders of the approval, pursuant to the New York Stock Exchange Listed Company Manual rules, of our anticipated issuance of approximately 30,200,000 shares of our common stock (the “share issuance”). The share issuance was authorized on November 10, 2014 by written consent of Ormat Industries, Ltd., an Israeli company (“Ormat Industries”), which owns approximately 59.75% of our outstanding common stock.

The share issuance was authorized in connection with our proposed acquisition of Ormat Industries and related transactions described in this information statement. If certain conditions are satisfied, that acquisition will be effected by exchanging the newly-issued shares of our common stock for all of the outstanding ordinary shares of Ormat Industries at a fixed exchange ratio of 0.2592 new shares of Ormat common stock for each ordinary share of Ormat Industries (the “share exchange”). The share exchange will be made under an Israeli court-approved plan of arrangement under Sections 350 and 351 of the Israel Companies Law (the “plan of arrangement”), on terms and conditions in the plan of arrangement and a share exchange agreement and plan of merger, dated November 10, 2014 (the “share exchange agreement”), by and among Ormat, Ormat Industries and Ormat Systems Ltd., an Israeli company and wholly-owned subsidiary of Ormat (“Ormat Systems”). The share exchange agreement and the transactions contemplated thereby, including the share issuance and share exchange, were approved unanimously on November 10, 2014 by a special committee of the board of directors of the Company consisting solely of independent directors, by the audit committee of the board of directors of the company and by the full board of directors of the Company.

This information statement is being mailed on or about December 12, 2014 to stockholders of record of the Company as of November 28, 2014, and is being delivered to inform you of the corporate actions described herein before they take effect in accordance with Rule 14c-2 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). We encourage you to review this information statement for a more complete description of the transactions contemplated by the share exchange agreement.

The share issuance will not be made prior to January 1, 2015, which is twenty (20) calendar days following the date on which the definitive form of this information statement is first mailed to our stockholders.

Our principal executive offices are located at 6225 Neil Road, Reno, Nevada 89511, and our main telephone number is (775) 356-9029.

## SUMMARY

This is a summary of more detailed information you will find in other sections of this information statement and in documents we have incorporated by reference in this information statement. We encourage you to read the entire information statement and the documents we have incorporated by reference and not rely on this summary. A Glossary of certain defined terms is included in Annex D to this information statement.

### Overview of the Share Exchange and Related Transactions

If certain conditions summarized below are satisfied, we plan to engage in a series of related transactions that will change the ownership and corporate structure of the Ormat Industries, Ormat, Ormat Systems and their subsidiaries, which we refer to as the “Ormat group.”

- Ormat Industries. Ormat Industries Ltd. is an Israeli company whose ordinary shares are listed for trading on the Tel Aviv Stock Exchange, or “TASE.” Ormat Industries’ assets consist primarily of its 59.75% interest in Ormat common stock. Ormat Industries’ other significant assets are (i) certain real estate properties, including production facilities and business offices located in Israel which are currently subleased to Ormat Systems, and (ii) cash, cash equivalents and tradable securities (other than Ormat Industries ownership of Ormat common stock) which, as of September 30, 2014, had an aggregate fair market value (on a standalone basis) of approximately \$14.8 million. As of September 30, 2014, Ormat Industries’ total liabilities (on a standalone basis) were equal to approximately \$2.2 million.
- Ormat Systems. Ormat Systems Ltd., is an Israeli company, that is our direct wholly-owned subsidiary. Since 2004, Ormat Systems has been engaged in the business of designing, manufacturing and selling equipment for geothermal and recovered energy-based electricity generation, remote power units and other power generating units and provide services relating to the engineering, procurement, construction, operation and maintenance of geothermal and recovered energy-based power plants. It is essentially the entity within the Ormat group in charge of our product segment and is the owner of the Ormat group’s intellectual property rights associated with our products. The managerial and operational activities of Ormat Systems are conducted primarily, if not exclusively, in Israel.
- Ormat. Ormat Technologies, Inc., is a Delaware corporation whose common stock is listed for trading on The New York Stock Exchange, or “NYSE.” We are a leading vertically integrated company engaged primarily in the geothermal and recovered energy power business. We design, develop, build, sell, own, and operate clean, environmentally friendly geothermal and recovered energy-based power plants, in most cases using equipment that we design and manufacture.
- Ormat Subsidiaries. We conduct most of our operations through direct and indirect subsidiaries, most of which are wholly-owned. Except for Ormat Systems, the transactions will not affect the ownership or corporate structure of our subsidiaries.

The diagram below shows the current ownership and corporate structure of the Ormat group (excluding any subsidiaries of the Ormat group other than Ormat Systems) prior to consummating the share exchange and the other transactions contemplated by the share exchange agreement.

The Ormat Group – Before the Transactions

40.25%  
Bronicki Investments and FIMI  
Public  
Ormat Industries  
Ormat  
Ormat Systems  
Public  
59.75%  
100%  
38.43%  
61.57%

If these transactions are all completed:

- We will be owned approximately 62.24% by then-current shareholders of Ormat Industries (rather than 59.75% by Ormat Industries) and approximately 38.76% by our then-current shareholders (other than Ormat Industries).
- o The number of shares of our common stock held by non-affiliated, “public” shareholders will increase from approximately 40.25% to approximately 76.08%.
- o The number or shares of our common stock held by entities that are currently affiliates of Ormat Industries, which we refer to as Bronicki Investments and FIMI, will be approximately 23.92%.
- We will initially own all of the outstanding ordinary shares of Ormat Industries and later merge it into Ormat Systems, so that Ormat Industries will no longer exist and Ormat Systems will continue with the combined assets, liabilities, business and operations of both of those companies.



The diagram below shows the ownership and corporate structure of the Ormat group (excluding any subsidiaries of the Ormat group other than Ormat Systems) expected after consummating the share exchange and the other transactions contemplated by the share exchange agreement.

The Ormat Group – After the Transaction

Bronicki Investments and FIMI

Public

Ormat

Ormat Systems

100%

76.08%

23.92%

Reasons for the Share Exchange and Related Transactions

We and Ormat Industries believe the transactions will provide a number of benefits to the Ormat group and its shareholders. Among other things, from Ormat's perspective, the transactions are expected to:

- unlock value for Ormat's minority stockholders;
- enhance the liquidity of Ormat common stock by significantly increasing the public float, improve the market's perception of Ormat and increase institutional investors' interest in Ormat;
- result in Ormat no longer being a majority-controlled company;
- eliminate the inefficiencies and complexities associated with having two separate public companies in two different jurisdictions reporting under different accounting standards;
- make it easier for Ormat to raise capital and to obtain financing; and
- enhance Ormat's identity as a multinational company and ability to penetrate new markets.

We have carefully considered these and other factors in deciding to proceed with the transactions. As discussed in more detail below, we evaluated the transaction using a special committee of our board of directors. The special committee engaged independent financial and legal advisors to help evaluate the transactions. See "The Share Exchange and Related Transactions—Background of the Share Exchange." We received an opinion from J.P. Morgan Securities LLC, which we refer to herein as J.P. Morgan, that, subject to the factors and assumptions set forth in the opinion, the proposed exchange ratio was fair, from a financial point of view, to Ormat. The full text of the written opinion of J.P. Morgan dated November 9, 2014, which sets forth the assumptions made, matters considered and limits on the review undertaken, is attached as Annex A to this information statement and is incorporated herein by reference. Ormat's stockholders are urged to read the opinion in its entirety. J.P. Morgan's written opinion is addressed to the Ormat board of directors, is directed only to the exchange ratio in the share exchange and does not constitute a recommendation to any stockholder of Ormat. The transactions were unanimously approved by the special committee, audit committee and board of directors of Ormat. Our board of directors has recommended that our stockholders approve the stock issuance.

Structure of the Share Exchange and Related Transactions

The transactions involve a series of related steps that will be implemented through:

- contractual arrangements described below among members of the Ormat group and, in some cases, Bronicki Investments and FIMI. These include:

- oA Share Exchange Agreement and Plan of Merger dated as of November 10, 2014 among Ormat Industries, Ormat and Ormat Systems. This agreement, which we refer to as the “share exchange agreement” is the principal contract governing the terms and conditions for the transactions and is described in more detail later in this information statement. See “The Share Exchange Agreement.”

o Several agreements involving principally our relationship with Bronicki Investments and FIMI, before and after the transactions occur, including:

§ Voting and Undertaking Agreements between Ormat and each of Bronicki Investments and FIMI. See “Additional Agreements—Ormat Industries Shareholder Undertaking Agreements.”

§ Voting Neutralization Agreements between Ormat and each of Bronicki Investments and FIMI. See “Additional Agreements—Voting Neutralization Agreements.”

§ An agreed form of escrow agreement to be entered into by Bronicki Investments, FIMI and an Israeli escrow agent satisfactory to the Israeli Tax Authority or reasonably satisfactory to us. See “Additional Agreements—Ormat Industries Shareholder Undertaking Agreements.”

§ An agreed form of registration rights agreement to be entered into by us, Bronicki Investments and FIMI, upon request by Bronicki Investments and FIMI. See “Additional Agreements—Registration Rights Agreement.”

o A Voting Agreement between Ormat and Ormat Industries. See “Additional Agreements—Ormat Stockholder Undertaking Agreement.”

· a court-approved scheme of arrangement implemented through procedures under Sections 350 and 351 of the Israel Companies Law, which among other things, provide for the District Court of Tel Aviv-Jaffa, which we refer to as the “Court,” to approve the share exchange agreement and the transactions contemplated thereby, which we refer to as the “Court approval,” and a special vote of Ormat Industries shareholders, which we refer to as the “Section 350 voting approval.” See “The Share Exchange and Related Transactions—The Section 350 Voting Approval and Court Approval.”

· a ruling by the Israel Tax Authority, or “ITA,” which, as described below, generally makes the transactions income tax-free to the Ormat group and shareholders of Ormat Industries, if certain conditions described below continue to be satisfied. See “Material Consequences of Israeli Tax Ruling.”

· a structure that is intended to qualify as a tax-free reorganization under section 368(a) of the Internal Revenue Code, or “Code.” See “Material U.S. Federal Income Tax Consequences of the Share Exchange and Related Transactions.”

## Share Exchange

The first and primary step of this series of transactions, which we refer to as the “share exchange,” will involve, among other things, Ormat issuing approximately 30.2 million new shares of its common stock to Ormat Industries shareholders in exchange for all the outstanding ordinary shares of Ormat Industries.

The share exchange will be based on the “exchange ratio” that has been agreed upon in the share exchange agreement. That exchange ratio is 0.2592 shares of our common stock for each ordinary share of Ormat Industries, subject to adjustment under certain circumstances described in the share exchange agreement. This exchange ratio was established taking into account various factors described in more detail below. See “The Share Exchange and Related Transactions—Background of the Share Exchange.”

If various conditions are satisfied, the share exchange is expected to be completed in the first quarter of 2015. We refer to the date when this happens as the “effective time” or “closing date.”



The share exchange will only be completed if various conditions set forth in the share exchange agreement are satisfied. Some of these conditions have already been satisfied, including the receipt of the tax ruling from the Israel Tax Authority referred to above, and the approval by Ormat Industries, as our stockholder, of the share exchange and related transactions. However a number of conditions still must be satisfied before the share exchange can be completed, and there is no assurance when, if at all, that may occur. These include:

- The Court approval.

- The Section 350 voting approval.

- Various “closing conditions” under the share exchange agreement which are described in more detail below. See “The Share Exchange Agreement—Conditions to Share Exchange.”

#### Internal Reorganization Steps

After the share exchange is completed, we will effect a series of internal restructuring steps, culminating in the merger of Ormat Industries with and into Ormat Systems on March 31, 2015. These steps are:

- The transfer to us by Ormat Industries of all its shares of our common stock, which will be retired immediately upon receipt. This transfer is expected to occur within three business days after the share exchange is completed.
- The transfer by us to Ormat Industries of all the ordinary shares of Ormat Systems we hold in exchange for one ordinary share of Ormat Industries. This transfer is expected to occur shortly after the first transfer referred to above (but no sooner than one business day after that transfer) and will result in Ormat Systems becoming a subsidiary of Ormat Industries.

- The merger of Ormat Industries with and into Ormat Systems, which will result in:

- o Ormat Industries ceasing to exist; and